

NEWSPAPER of THE YEAR

German stock market Still no room for euphoria





French referendum.

Can Mitterrand survive a No vote?

North Korea

The glacier begins to melt

Page 15



Wednesday September 16 1992

AE238

Bosnia agrees to talks as more join UN force

Bosnian leaders reluctantly agreed to attend peace talks in Geneva on Friday, but fighting continued across the former Yugoslav republic. Britain said it was sending 1,800 troops to join an expanded UN force in Bosnia. But the UN Security Council's post cold war unanimity seemed fragile last night as Russia insisted it would oppose any move to exclude Yugoslavia from the general assembly. Page 4; Editorial comment, Page 14

Castor Holdings: Several European banks and individual investors could lose heavily from their exposure to Castor, the Montreal-based property company at the centre of a group con-trolled by financier Wolfgang Stolzenberg. Page 17

German steelmakers Fried, Krupp and Hoesch vowed to press on with merger moves despite a German court ruling which has thrown a lastminute legal obstacle in the path of their amalgamation plan. Page 17

Olympia & York, troubled Canadian property developer, is selling a New York building to Mutual of America Life Insurance Company. Mutual is believed to be paying over \$100m.

Pakistan flood toll: More than 1,000 people are believed dead in one of Pakistan's worst floods. More flooding last night threatened the southern province of Sindh. Page 6



Facing probe: Japanese prosecutors are insisting that Shin Kanemaru (left), "kingmaker" of the country's ruling Liberal Democratic party, undergo investigation into whether he breached political funding laws when he received Y500m (\$4.1m) from a trucking company. Page 16

BHP takes control: BHP, Australia's biggest company, is taking effective control of troubled international brewer Foster's in a deal worth about A\$1.5bn (\$1.1bn). Page 17

Australia protests: Australia criticised the US for selling heavily-subsidised wheat to Pakistan. one of Australia's traditional markets. Page 7

Oil deal worth \$1.7bn: Saipem, a specialist oil engineering company controlled by Italy's state-owned ENI energy group, has signed a \$1.7bn deal to help develop Iran's half of a big offshore field shared with Qatar in the Gulf. Page 7

Skandia. Swedish insurer, is selling US specialist insurer Great States Financial Corporation to FHP International Corporation of the US. Page 18

Hong Kong criticised: British companies are being unfairly favoured by the Hong Kong government for work on the colony's new airport project, a senior Chinese state construction company official complained. Britain and China meet today to try to break the deadlock over financing the project. Hong Kong gains, Page 36

Scottish bank rescue: Small Scottish private banking group Adam & Company has been rescued after the bank lost £21m (\$41.4m) from dealings in foreign currency futures. Page 23



Indian stocks soared after the announcement of rules for opening the country's capital markets to foreign investors. The Bombay stock exchange index leapt by 4.1 per cent on investors' hopes that the rules would prompt a wave of foreign investment. Page 6; World stocks, Page 36

Arjo Wiggins Appleton, the troubled Anglo-French paper group, unexpected cut its dividend by 19 per cent to 2.65p a share, sending the group's shares down from 182p to 129p. Page 17: Lex. Page 16

Sparring partners: A quarrel between Australian business partners in Sydney turned ugly when one man had part of his nose bitten off after sinking his teeth into the other's thumb.

2.379.0 (-52.11 New York

II STERLING

STOCK MARKET INDICES

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FINANCIAL TIMES ® FT No 31,863 Week No 38 Φ

German news agency report claims Schlesinger backs wider currency realignment Bundesbank chief in ERM row

D-mark and Mr John Major, the UK prime minister, cancel a trip THE German Bundesbank was to Spain at 24 hours notice. UK officials at the Treasury last night at the centre of a renewed controversy after reports that Mr Helmut Schlesand the Bank of England made inger, its president, had said that a more comprehensive realignhurried phone calls last night to clarify Mr Schlesinger's reported ment of European currencies

remarks. According to DPA, Mr Schlesinger said that the measures taken so far have not resolved all the problems in the markets. DPA, the main German political and economic news agency, was

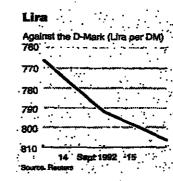
The Bundesbank chief was reported to suggest that the weekend realignment of the Italian lira had not gone far enough and that a wider realignment could have been more effective in reducing tensions in the currency market. He did not rule out con-tinuing pressure on individual in that way," said the spokes-

end of a day which saw the Sterling pound plunge to its lowest level ever within the ERM against the Against the D-Mark (DM per £) 2.80 .ERM -- --

announced

currencies. This statement is no authorised version of the interview," a spokesman for the Bundesbank said last night after consulting

Mr Schlesinger.



The words were suggested to him and he did not answer them." An authorised version of the interview would appear in the Wall Street Journal said the spokes-

less reflect what is widely regarded as a common view in the German central bank, but one which the bank has been careful never to express publicly. This is the second time in recent days that reported statements by the Bundesbank on the

need for currency realignments have had to be hurriedly denied. Last night Mr Hans Mundorf. the editor-in-chief, of Handelsblatt said: "This interview took place and was conducted by the head of our currencies and capital markets staff. I have no doubt in the correctness of the informa-

tion he gave to DPA."

Mr Schlesinger's reported comments are likely to intensify pressures on the weak currencies in

ERM AND MAASTRICHT

Pages 2 and 3

French opposition looks to election battle

Mitterrand camp ■ Walgel denies government

Interference on rate cut **■** Gloom spreads as Italy

ponders devaluation Lira 'still overvalued' M Austrian central bank

backs German move Currencies -... Page 32

Markets The reported statements by the Continued on Page 16

Rome plans tough budget to tackle crisis

By Robert Graham in Rome

By Ivo Dawnay in London get and preparing new measures MR JOHN MAJOR yesterday cancelled an official visit to Spain, 24 hours before he was to tackle the country's financial crisis following a wave of criti-cism over the devaluation of the due to fly out, in a move which heightened nervousness in Lon-The moves have come against don over the depth of the governthe background of renewed pres-

ment's economic difficulties. The prime minister's unusual step put further pressure on the the exchange rate mechanism, at one point dropping to within a

By Peter Marsh and James Blitz

in London and Quentin Peel In

might reduce tension in the tur-

The statement, reported by

denied late last night by a

spokesman for the German cen-

The reported statement came

from an interview given by Mr Schlesinger to Handelsblatt, the

German business newspaper, and

the Wall Street Journal, at the

Major

cancels

official

visit to

Spain

bulent currency markets.

tenth of a pfennig of its floor. It also provoked fresh speculation that the government has difficulties in reaching agreement on the 1993-94 public expendi-ture round, due to be discussed by the newly-formed chancellor's

committee on Thursday. The prime minister's office insisted that the eleventh-hour decision to postpone Mr Major's visit to Seville's Expo 92 exhibition had nothing to do with sterling but was to meet the pressure of business on his diary.

Officials said the newly evolved system for managing public expenditure was "new ter-ritory" for the government which warranted close attention from the prime minister. It was also added that he

would be using the time to examine the spending implications of new local taxes and plans for the new BBC charter.

But the explanations were greeted with widespread scepticism. One Conservative MP. Mr Richard Shepherd, warned that the impression was that the government was "losing control of the economy". The Labour opposition seized

on the cancellation as a tacit admission by the government of the dire state of the economy. Independent observers suggested Mr Major may have calculated that it was better to risk market unease at the cancellation of the trip than to be absent abroad when the economy

vas under intense pressure. With the Treasury continuing to insist that the government will use any means necessary to maintain sterling's ERM position, an interest rate rise cannot

be ruled out. Some MPs recall the humiliation for the Labour government in 1976 when Mr Dennis (now Lord) Healey, the chancellor, was forced to return from Heathrow to tackle an economic crisis. Mr Major is expected to use the breathing space in London to bring pressure to bear on spend-ing ministers to moderate their plans for the coming year.

> Major pressed by employers, Page 2 No way out from tough

THE Italian government has begun toughening the 1993 bud-

sure on the lira, nervousness on the Milan stock exchange and a slight rise in short-term interest wake of devaluation. The government's original intention in July was to find an

extra L83.000bn (\$70bn) in the 1993 budget to contain the public sector deficit, but this has been overtaken by events. High interest rates in defence of the lira have added to the cost

of funding the deficit, while the concerted wave of speculation against the Italian currency has emphasised that only a tough budget will restore some credibility in the markets. On present trends economists estimate the government would in fresh revenues and spending cuts. But if interest rates do not drop this may only hold the deficit down to 10.5 per cent of GDP almost double the EC average.

Among the measures being contemplated are an immediate indexation of the costly state pensions scheme and the capping government health spend-President Oscar Luigi Scalfaro

stepped into the ring yesterday with his own advice. After a meeting with Mr Giuliano Amato, the prime minister, he threw his weight behind an austerity package and reminded Italians that the crisis required "the maximum understanding from the politicians and society in general which will be called upon to bear the necessary burden".

The president proposed that the government introduce as soon as possible two laws to signal that the burden of sacrifice falls equably - a law dealing with political corruption and a law to end the pay privileges of board members of state concerns



Giovanni Goria (left), the Italian finance minster, addresses the Senate in Rome yesterday about Sunday's 7 per cent devaluation of the lira in the ERM grid

who have been removed from their jobs. The meeting also appeared designed to show the president's backing for the prime

minister as a series of rumours swept Rome yesterday that the government was about to resign. Monday's devaluation appears

to have brought home to italians just how far behind their country has fallen in its attempts to meet RC convergence requirements.

...

Drop in US retail sales a blow to Bush

By Michael Prowse

US RETAIL sales fell far more steeply than expected by the financial markets yesterday, reinforcing the Bush administration's fears that the economy will be stagnant in the final stages of the presidential race.

The Commerce Department announced that retail sales had fallen 0.5 per cent in August, the largest drop for five months.
"The economy is dead in the water," said Mr Bruce Steinberg, senior economist at Merrill Lynch, the New York financial

services group. The recovery's failure to gather momentum showed that structural weaknesses, such as the debt build-up of the 1980s, were more profound than had been

suspected, he said. Preliminary figures for car sales in the first 10 days of Sep-tember were also disappointing. Results from General Motors and Ford indicated sales of domesti-cally built vehicles were running at an annual rate of only 5.7m units, against the already depressed level of 6m at the end of last month.

The economy had "no real engine" for recovery. Ms Susan Phillips, a governor of the Federal Reserve, said. Consumers were hesitant because of fears decisions, Page 14 about job security. "Everybody

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has a brother-in-law or sister-in-law or knows somebody who has lost a job, she said. The weakness in retail sales was concentrated in durable

goods, especially cars, building materials and furniture, which all fell by more than I per cent The impact of last month's figures, however, was reduced by an upward revision for July to show an increase in retail sales of 1 per cent rather than 0.5 per cent. Overall sales for July and August

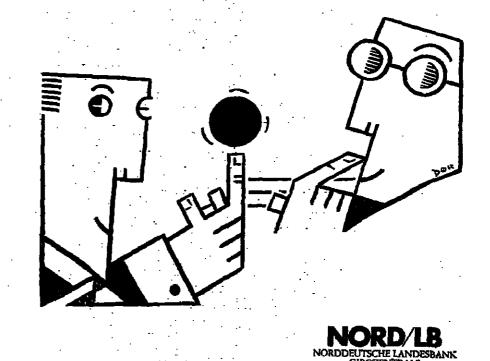
were slightly ahead of the second quarter level Most forecasters believe the economy is still growing sluggishly at about the 1.4 per cent annual rate registered in the sec and quarter. But this is well below earlier expectations and insufficient for President George Bush to claim a convincing recovery ahead of the November

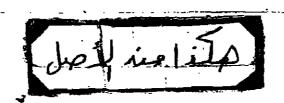
election. Slow growth, however, is putting downward pressure on inflation. The consumer price index rose 0.3 per cent last month, with much of the rise reflecting a sharp increase in volatile food prices, the Labour Department reported yesterday. The annual rate of consumer price inflation fell to 3.1 per cent compared with 3.2 per cent in July.

> Wall Street, Section II, Back Page

BANK ON A BANK THAT'S TO THE POINT.

A waste of words is also a waste of time and money. With our vast information resources we can get to the point quickly, to give constructive advice without juggling words. This is just one of the reasons why we have become one of the largest banks in Germany, with a balance sheet total of over DM 131,5 billion. If you're looking for an international business partner, bank on our precision.





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élors seeks greater EC democracy

By David Gardner in Strasbourg

THE survival of the European Community depends on its becoming more democratic, Mr Jacques Delors, European Commission president, said yesterday. His speech to the European parliament emphasised a much greater role for national parliaments in moni-

"Either Europe will become more and more democratic. . . or Europe will be no more," he stated flatly, adding that this was "the major les-son" of the battle to ratify the Maastricht Treaty, which can survive only if French voters endorse it by referendum on

Addressing a ceremony marking the 40th anniversary of the parliament. Mr Delors nevertheless addressed himself to the workings of BC democracy in a way which confidently assumed the treaty will survive. He said that "the benign despotism" of EC institutions was over - a period in which the Commission in complicity with the 12 member states took decisions against a background of popular indifference, with a let-out clause for rnments to blame Brussels

if policies misfired. After an exposition of the ways in which Maastricht will strengthen the European parliament's control over both Brussels and the member states legislating through the Council of Ministers, he repeatedly stressed the need for

EC lawmakers to account.

"We must join together these two expressions of popular sovereignty in a rational way, which is simple, accessible and reinforces the legitimacy of our

Mr Delors' remarks, anticipated privately by Commission officials, presage attempts at EC level to draw national parliaments more closely into EC decision-making. The purpose is to develop "subsidiarity" – the idea that decisions should be taken at the lowest practicable level.

Assuming France does not follow the example of Danish voters in June, and approves Maastricht, the emphasis on national parliaments is also aimed at bringing Denmark back on board.

"We must exploit the legitimacy of national parliaments through ways and means which depend on each country," a Commission official said. "The idea that the European parliament is the only source of democratic legitimacy in the Community is dead, and for a long time."

Mr Tristan Garel-Jones, minister of state at the British Foreign Office who represented the UK presidency of the EC at the ceremony, also took up the theme of national parliaments' role, embedded in a thorough defence of Maastricht. "One of the benefits of the Maastricht Treaty is that it does enjoin national parliaments and this parliament to find ways of working together," he said.

NEWS IN BRIEF

Yes vote may help Denmark – PM

A YES in France's referendum on the Maastricht treaty would generate goodwill among the EC countries for finding a solution to the problem caused by Denmark's rejection of the treaty in a referendum in June, writes Hilary Barnes in Copenhagen. This view was expressed by Mr Poul Schlüter, the prime minis-

ter, after a cabinet meeting yesterday. However he also suggested that a sizeable No vote would be equally helpful to Denmark, hinting that it would soften up the attitude of other governments towards reaching an agreement with Denmark.

"One thing is certain: the treaty will not come in to effect on January 1, 1993," he said. This was not only because of the Danish problem, but because the EC's budget measures must be agreed upon before the treaty could be implemented.

No 'would boost Germany'

A French No to the Maastricht treaty will strengthen Germany's and the Bundesbank's roles in Europe, Mr Anibal Cavaco Silva, the Portuguese prime minister, said in an interview with the Oporto-based Jornal de Noticias published yesterday, writes Pat-

"Some say that the Maastricht treaty favours German power. I think the exact opposite. From the point of view of monetary policy, a No to Maastricht would leave all room for manoeuvre to Germany and its central bank. Without Maastricht, Germany will command much more power in Europe," Mr Cavaco Silva said.

A French rejection of Maastricht would be "dramatic for the whole of Europe and it will naturally have negative consequences

Odds slashed on Yes vote

The British bookmaker Ladbrokes yesterday slashed its odds on a Yes vote in Sunday's French referendum on Maastricht after a flurry of betting that the treaty would be endorsed, Reuter reports from London.

The odds for a Yes were cut from 2 to 5 to 1 to 5, while punters betting on a No vote could get odds of 3 to 1. "We have been swamped with bets for a Yes vote since first thing Monday," a

parliament address French opposition looks ahead to election battle

By William Dawkins in Paris

FRANCE'S divided political opposition yesterday prepared to close ranks in readiness for a widely expected election battle against the ruling Socialists some time after Sunday's vote on European political and mone-

Mr Philippe Séguin, leader of the anti-Maastricht majority in the Gaullist RPR party, yesterday tendered a rare olive branch to Mr Jacques Chirac, party president, who has put himself out on a limb in the RPR by supporting the treaty.

tackle the opposition's splits over Europe and had his support as RPR candidate for future French president,

Mr Chirac was the best equipped to

said Mr Séguin. Mr Chirac yesterday issued his own

appeal for party unity. "No new majority can be formed from a cartel of the Noes," he said. "The UDF-RPR union will tomorrow be the only political force able to bring together the French. Let us be careful to do nothing which might destabilise this

Mr Philippe de Villiers, an anti-Maastricht rebel in the centre-right UDF, the Gaullists' allies, added that he would return to the party rank and file after the vote

Mr Séguin's outburst of loyalty to Mr Chirac contrasts with his previous two attempts to oust the RPR leader and suggests that opposition rebels have begun to take seriously the possibility that President François Mitterrand might spring a snap general or even presidential election. According to Le Monde newspaper. the French president is debating with officials his possible retirement next January, five years into his current term and the opening date for the single European market, in the event of a Yes vote. This is only the latest twist in weeks of speculation on Mr Mitterrand's future, heightened a few days ago by his entry to hospital for prostate surgery

Senior UDF and RPR officials have agreed to meet after the Sunday vote to prepare the ground for the joint election of a presidential candidate and for a general election campaign. per cent according to a poll by Ipsos a week ago, is well below that of Mr

Mr Mitterrand's popularity, at 29 Michel Rocard, the former prime minister adopted by the Socialist party as its "natural" future presidential candidate. Mr Rocard is well placed to fielded by the right.

However, polls suggest that the Socialist party's popularity is low enough for an RPR-UDF alliance to win a general election, even enfeebled by the splits opened up in the opposition by the Masstricht debate.

Yet both opposition parties know they need to smooth over their divisions as best they can, given the growing share of protest votes attracted by alternative groups such as the two ecology parties and the National Front, which won a combined 28 per cent in the March regional elections

Neither the UDF nor the RPR have plans for reconciling their internal differences on Europe, despite their leaders' repeated attempts to settle

beat any presidential candidate terday made light of the internal splits, arguing that they had strength-ened the RPR by giving the image of "a modern political movement with freedom to discuss and vote".

Some RPR members maintain that Mr Chirac need not have split his party over Europe, since he does not have strong personal views on Mass-

However, Mr Chirac may have calculated that he would have no chance of becoming joint RPR-UDF presidential candidate on an anti-Maastricht ticket, in competition against former French president Mr Valery Giscard d'Estaing, the deeply pro-European leader of the UDF. While the UDF rank and file is nearly as divided on Maastricht as the RPR, the centre-right's leadership is united in favour

Defence

Time for prayer in Mitterrand camp

A No vote would put the president under great pressure to resign, writes Ian Davidson

stake in next Sunday's French referendum is the life or death of the Maastricht Treaty on European union; but a vote against the treaty would also have explosive effects on the French political scene, and could even determine the political survival of President François Mit-

If the French vote against Maastricht, the treaty will undoubtedly be dead. But the implications of a No vote for Mr Mitterrand are less easy to

It is commonly assumed that Mr Mitterrand's personal unpopularity has been responsible for the swing in opinion polls against the treaty. The government's fear is that the Mitterrand factor could become a decisive consideration in the polling booths on Sunday, so that many who might have voted Yes to Europe may instead decide to vote No to

Hindsight suggests that it was reckless of Mr Mitterrand to have chosen to put the treaty to a popular referen-dum. After all, the normal route for ratifying a treaty, as provided in the French constitution, is a law submitted to parliament. A popular referen-dum is a perfectly legitimate alternative, but it is not inevi-

rand announced in June that he would call a referendum. his deep unpopularity, as registered in the opinion polls, had he appointed Mrs Edith Cresson as prime minister in the spring of last year, and his own standing had remained deeply depressed even after he replaced her with the more popular Mr Pierre Bérégovoy. He must have been aware of the danger that he could drag

down the treaty. Yet it has been clear for over year that Mr Mitterrand intended to hold a referendum this autumn, precisely as a way of restoring his battered personal authority. He needed to stake out a political battle-ground on which he could take on, and with luck defeat, his political adversaries; and such battleground could only be an issue of high political prin-

Last November he indicated that he would put forward a reform of the constitution. including some form of shortening of the presidential mandate (currently seven years

renewable). That project now appears to have been shelved, or at least postponed, as a result of the decision to hold a Maastricht referendum. But in tactical political terms, the only thing



François Mitterrand: by temperament a fighter, a lawyer and a European

which has changed is the question being submitted to the voters in both cases he evidently thought, not without reason, that a referendum would embarrass the opposition parties, but could nevertheless be counted on to produce a Yes vote.

Most mainline political leaders in France have long argued for some shortening of the presidential term; and most mainline political leaders have now come out in favour of the treaty, even though it has exposed passionate divisions within the Gaullist party.

But if Mr Mitterrand thought he could restore his authority by picking a high political issue for a test of strength with his adversaries, his calculations seem now to be in double

A French No vote would obviously represent a rejection of Mr Mitterrand's vision of a quasi-federal Europe, to which he is deeply committed; but it would also look like a disavowal of the president himself. With a large No vote, the disavowal would be profound, and must place him under consid-

erable pressure to resign. But would he? By temperament (health permitting) Mr Mitterrand is a fighter, a lawyer and a European; and each of these characteristics will tell him to stay.

He is a legalist, who frequently and pointedly reminds audiences that he was elected for seven years, and by impli-cation intends to stay to the end of his term by which time he will be 77. His commitment to European integration is the

most constant element in a very long political career. He might therefore decide that duty required him to remain at his post, so as to rescue the irrational mess created by a No vote; that the powers of the French presi-

dency and the remaining two years of his mandate still gave him enough space to do so; and that resignation would be a major betraval of France and of Europe, because it could create the opportunity for the election of the Gaullist leader Mr Jacques Chirac, who has no firm convictions on Europe, and half of whose party is

But Mr Mitterrand might draw the opposite conclusion. After a large No vote, he might no longer have the credibility.

deeply hostile to the Commu-

engage in any operation to put together a substitute for the ruined Maastricht Treaty; the reneral election next March is likely to produce a conserva tive government with a Gauliist prime minister and an overwhelming majority; and in any case a post-Maastricht recovery could take much longer than the two years remaining to

According to this logic, his only remaining strategy is a Parthian retreat; he may be able to serve the European cause better by leaving than by staying. If he were to resign suddenly, the Socialist party would quickly be able to endorse a strong single candi-date: most probably the former prime minister Mr Michel Rocard, or perhaps Mr Jacques Delors, EC Commission president. But the conservatives would be caught divided, and would probably go into the campaign with several rival candidates, including Mr Chirac and former President

Valery Giscard d'Estaing. In the resulting melée, Socialist candidate might well win, and would certainly call early general elections. And unlikely as it may seem today, a convincing presidential vic-tory by a socialist president could well have the effect of transforming the outcome in the general elections.

The most recent analysis of voting intentions leaves Mr Mitterrand with a deep dilemma. On the one hand, it indicates that his personal unpopularity is only a marginal factor in the recent anti-Maastricht swing in the opinion polls; on the other, it would seem to indicate a serious indictment of his performance, if a majority of voters should turn against a European treaty. in which he passionately

The central finding of the analysis, by Mr Jerôme Jaffré of the Sofres polling institute, is that virtually all (98 per cent) of those who are in favour of the treaty will vote Yes, whether they are socialist or conservative, while virtually all those who are against the treaty will vote No, again regardless of their political

affiliation. If Maastricht is threatened by a Mitterrand factor, it only comes from the 20 per cent who do not believe the treaty will make any difference: in this camp, 66 per cent of conservative voters will vote No: only 65 per cent of socialist. supporters will vote Yes; but socialist supporters will vote No if they have lost confidence in Mr Mitterrand.

In the circumstances, the president has only one good option: to pray for a Yes vote.

issue fails to heat the debate By David Buchen

"I DON'T know why they did not say more about defence," said a puzzled French naval officer after a two-hour rally in Vincennes, east of Paris, on Monday night. Speakers including ex-President Valery Giscard d'Estaing and other pro-Masstricht UDF leaders ntioned not a word about the treaty's provisions for

Defence has, indeed, been the dog that did not bark in the referendum campaign. Last year France fought successfully, chiefly against the Atlanticist UK and Dutch govnments, to include langua in the treaty which could pres-age the eventual replacement of Nato by the Western Euro-pean Union (WEU), as the military arm of the European Community. Yet, come the referendum, this diplomatic success seems to have neither added to the Yes camp nor

detracted from the No forces. Mr Pierre Bérégovoy, the prime minister, tried to kick the issue into life with a speech to France's defence college, lauding the Maastricht treaty as "an additional guar-

anne for lasting peace". His defence minister, Mr Pierre Joze, followed up with a Le Figaro article in which he warned that a No to Massdynamic" towards closer European military collaboration.

But the word security in the French referendum campaign has tended to become diffused in more immediate concerns such as police security against the spread of the Mafia in a frontierless Europe. Where it has taken on a more concrete military meaning, it has become identified with the Community's failure to send sufficient forces to pull war-

ring former Yugoslavs apart. The theme of Maastricht as keeper of the peace is easily satirised. "Is it really likely that Germany will take back Alsace and Lorraine, Britzin reoccupy the Guyenne, Italy the region of Nice or even Luxembourg Thionville?," wrote ex-General Pierre Gallois, once one of France's leading nuclear theoreticians and 2 staunch Maastricht opponent, in Le Figaro last week.

sideshow. Few seem to care much one way or another about Maastricht's defence

A rejection of Maastricht would prompt two possible conclusions. Either, the French electorate is not as anti-American in security matters as many of its leaders have assumed. Or, these very leaders will have made an historic mistake, comparable to France's rejection in 1954 of the European Defence Commu-

Union leader invited to social affairs talks UK premier urged

By David Goodhart and

MRS Gillian Shephard, the UK employment secretary, has invited Mr Norman Willis, president of the European Trades Union Congress (Etuc), and Mr Carlos Ferrer, president of Unice, the European employers' body, to the European Community Social Affairs Council meeting at Chepstow in October

Mr Willis, who is also general secretary of the British TUC, is seldom invited to meet ministers as head of the TUC, and will certainly attend the informal meeting. Mrs Shephard is expected to lead a discussion on employment and unemployment.

Mr Willis, as Etuc president, was also last night meeting Mr John Major, the UK prime minister and president of the EC Council of Ministers, to call for an emergency meeting of EC finance and employment ministers to plan how to combat unemployment within the EC. At the only formal Social Affairs Council meeting during the British presidency, in



directive was watered down French and Germans.

working time directive. The

earlier this year to meet objec-

tions from the UK government

expected on the controversial but was then blocked by a

TUC officials believe that the TUC officials believe that the Maastricht Treaty, which french manufactured the dispute to avoid agreeing the munition to anti-Masstricht

John Major and Norman Willis: rare meeting between a British premier and TUC leader technical dispute between the watered-down directive prior to the French referendum on the

expected to agree the directive.

• Mr Emilio Gabaglio, Etuc general secretary, yesterday called for a Yes vote in France, Reuter reports from Brussels We believe in what Maastricht is trying to achieve and

we call on workers all over

Europe to support it," he told a

news conference.

The treaty was flawed, but better than nothing as a basis for securing a better working life, he said. A No vote would be dangerous encouragement for the extreme nationalist movements which are on the rise in Europe, and would send the wrong message to east European countries wanting to

join the Community. He said he was disappointed that Britain had so far called only one meeting of social affairs ministers during its sixmonth term. He called this part of a strategy in London to hamper adoption of EC-wide social legislation.

Britain has opted out of provisions on social legislation in Maastricht but Mr Gabaglio said he still hoped Britain would act impartially in its

In December the French are to pursue growth

By Michael Cassell, **Business Correspondent**

EUROPEAN employers yesterday urged Mr John Major, the British prime minister, to look beyond Sunday's French referendum on the Maastricht treaty and use Britain's EC presidency to pursue policies for longer-term economic growth in Europe.

Representatives of Unice, the confederation of employers' organisations, asked Mr Major at a Downing Street meeting to give priority to completion of the EC single market and to seek agreement in the Uruguay Round of the General Agreement on Tariffs and Trade,

Although the meeting was billed as an opportunity to press for action to stimulate recovery across Europe, Unice did not discuss turmoil in the currency markets or request concerted moves to cut European interest rates.

Mr Howard Davies, director meral of the Confederation of British Industry, a member of

agenda for economic and political progress There was no case for a devaluation of sterling as British companies were not uncompetitive at current

exchange rates. The business leaders, headed by Mr Carlos Ferrer, the organisations's president, restated their backing for progress towards monetary union, which they said offered the best guarantee for medium-

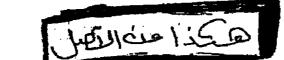
term financial stability. Action, they added, should be pursued irrespective of the Maastricht treaty's fate.

Mr Major was pressed to help improve Community procedures across a range of activities affecting competitiveness. He was also asked to improve consultation between business and EC decision-makers, including the wider use of consultative "green papers" and improved methods of assessing the impact of legislation on small and medium-sized companies. Mr Major said completion of the single market

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Lira is still overvalued, say traders

SPECULATORS took the view yesterday that Sunday's devaluation of the Italian lira had been insufficient to stabilise the currency, forcing the currency to decline sharply against the D-Mark on the foreign exchanges. Officials at the Bank of Italy

tried to put a good gloss on the lira's fail of around 1 per cent against the D-Mark, taking it below its central rate against the D-Mark of L802.48. Some days will have to pass for the exchange rate and financial markets to find a new equilibrium point," an official at the Bank of Italy said.

However, some dealers said the lira's decline was now unstoppable. "Between now and the end of the week we will see sustained pressure on the lira, which will soon be trading near its new ERM floor," said Mr Julian Simmonds of Citibank in London.

The lira has been the victim of a new bout of selling by a range of players in the market, including bank dealers and investment institutions.

On Monday morning, some 12 hours after the announcement of the devaluation, the lira opened in London at L784.62 to the D-Mark, at the top of its permitted ERM range against the German currency. At first, speculators who had sold lire before the devaluation bought the currency in a burst

A THE STATE OF THE

Yesterday, the mood changed radically. Mr Mark Slater, managing director of foreign exchange at Merrill Lynch International in Lon-don, said that big Italian corporations were selling the currency heavily. "They have borrowed around \$180bn in D-Marks and Swiss francs and converted them into lire," he said, "and are now buying back foreign currencies to hedge themselves against losses.

Several factors undermined the lira in trading yesterday: Dealers felt that Sunday's 7 per cent devaluation was insuf-ficient and could well be followed by another one. The lira was already thought to be overvalued by about 20 per cent against the D-Mark on a trade-weighted basis before Sunday's realignment.

 Dealers are concerned that the Italian government must reimburse the Bundesbank for the massive intervention carried out by the German central

bank in support of the lira.

The Bundesbank spent up to DM24bn last week, buying lire on the open market. Under EMS rules, the Bundesbank can demand that the Bank of Italy repays it in lire at the old rate for D-Marks.

• There are fears that the devaluation will increase inflation and reverse the decision earlier this year to abolish the Scala Mobile, which guaran-

Gloom spreads as Italy ponders devaluation

MONDAY'S' burst of enthusiasm has given way to Tuesday's gloom on the Milan stock market as dealers and economists in Italy's business centre digest the effects of the liva devalution

The cause has been the bleaker perceptions of the While industrialists caught in the vice of relatively high domestic cost rises and a fixed exchange rate may have gained temporary relief, economists are concerned that the devaluation should have been accompanied by firm action on cutting public spending.

Mr Bruno Trentin, general secretary of the CGIL union federation, Italy's biggest, offered the most coherent criti-

Devaluation stemmed from "the contradictory messages given by the government to the country and the markets, reducing the credibility of the defence of the lira in this situation. " he said.

"It's all up to the govern-ment now. We're all waiting for them to show some deter-mination," said the chief economist of one of Italy's biggest

"Having tasted blood once, the danger for the lira is that it could come under fire again very soon if the government to grips with cutting spending and raising revenue," said the chief dealer at one big US

Prof Giuliano Amato's government has spring a number of surprises, notably the planned privatisation of Credito Italiano and Nuovo Pignone, the state-owned bank and engineering group respec-tively. But the last big attack

on Italy's structural economic with the agreement between ment to abolish the Scala

Mobile wage indexation sys-After appearing to rise above the party system in announcing the transformation of the four biggest statecompanies the government seems to have lost the initiative. "They just seem to be reacting to events now, rather than taking matters in hand. Privatising Credito Italiano was the price demanded by the Bank of Italy for pushing up the discount rate earlier this month," said one bank econo-

Growing perceptions that the discount rate, at which the Bank of Italy lends to commercial banks, will not be cut soon has been one of the main factors behind the shift of sentiment on the bourse. Mr Luigi Abete, chairman of the Confin-dustria employers' federation, has called for a swift cut in interest rates, which he said were punishing Italian compa nies. Confindustria has estimated that devalution would ralse domestic inflation, which was running at 5.3 per cent

last month, by half a point. However, yesterday's renewed pressure on the lira suggests there is little sign of that happening, at least before Sunday's French referendum on Maastricht. Rates for secu rities repurchase agreements between the Bank of Italy and commercial banks, which fell to 16.06 per cent on Monday against 20.75 per cent at the previous bids last Wednesday, rose to 16.30 per cent yester-day. Meanwhile, share prices day. Meanwhile, share prices fell sharply, losing much of

Austrian central bank backs German move

MRS Maria Schaumayer. president of the Austrian National Bank, yesterday defended the German Bundesbank's interest rate reductions as "enough for the moment." Mrs Schaumayer said the turbulence in currency markets had been caused mainly by "psychological factors. Therefore, "a clear signal"

should kill them off. Larger reductions would have given the impression there was an emergency within the European Monetary System or that the Bundesbank had caved in to pressure.

She thought the German government and central bank

political decision to emphasise commitment to the EMS. In July, the Austrian central bank, which pegs the Austrian schilling to the D-Mark, allowed its discount rate to remain below the German rate, reflecting the continuing strength of the Austrian economy and robust capital outflows. But it has now realigned it. Mrs Schaumayer said this was because "our inflation got a little worse and Germany's got a little better."

However, the Austrian central bank has cut its main open market intervention rate, the Gomex rate, by 0.5 per cent to 9 per cent, leaving it slightly below the German open market tender rate of 9.2 per cent.

Waigel denies government interference on rate cut

THE Bundesbank's decision to cut interest rates was not the result of German government interference nor an EC "finance ministers' coup," Mr Theo Waigel, Germany's

finance minister, insisted yes-terday.

However, Mr Waigel refused to deny that Chancellor Helmut Kohl made a secret visit to the Bundesbank last Friday to

discuss the move.
"Clearly a number of meetings have occurred and a number of telephone calls have been made," Mr Waigel said, but the details would "better left for my memoirs.

He ruled out - at least for the time being - any further realignment of the exchange rate mechanism of the European Monetary System following Monday's devaluation of the Italian lira, and specifically ruled out a depreciation of ster-

"I certainly do not envisage such a development at this point in time," he said. "The government of the UK has made it clear that it would not accept a realign-

Mr Waigel is understood to have accompanied Mr Kohl to the Bundesbank last Friday, in what has been seen widely as the exercise of political prestral bank ahead of France's chiff-hanger referendum on the

Maastricht treaty this Sunday. The finance minister, on a visit to the European Parliament his Christian Social Union party say was arranged

'Clearly a number of meetings have occurred and a number of telephone calls have been made'

in April, botly reiterated that the rate cut in no way compro-mised the Bundesbank's inde-

He also flatly contradicted French president François Mit-terrand's recent assertion that the future European Central Bank envisaged by Maastricht to administer monetary union would be subject to policies decided by EC heads of government and finance ministers. The rate cut was "an entirely logical decision in line with

prior Bundesbank thinking." he insisted. "This was not a U-turn by the Bundesbank." He agreed the cut was "not a disadvantage" for the French Yes campaign, but primarily a positive signal. . . for the economic situation in Germany. Europe and the world" and a

very sovereign decision."

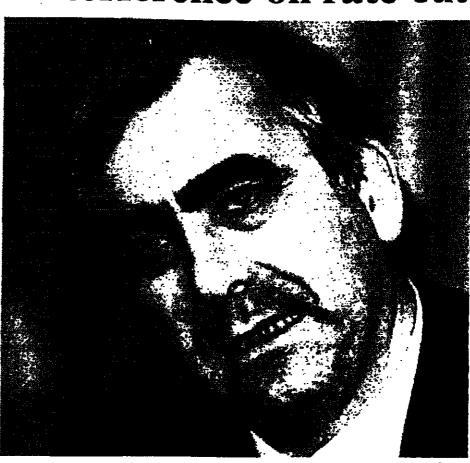
Maastricht made absolutely clear, he pointed out, that the European Central Bank which would subsume the D-Mark into a single EC currency "will be independent, and its inde-pendence will be enshrined in

national legal conventions." Mr Waigel brushed aside suggestions that fear of losing the D-Mark and hostility to Maastricht were growing in Germany. But he acknowledged the domestic pressure by calling on pro- and anti-treaty campaigners elsewhere in Europe to stop brandishing fear of German power as a

weapon.
"Fear of Germany is not justified. You must look at what we have achieved in our country. We have been a reli-able partner and everyone is aware of this. I would appeal to all our partners. . . to have consideration for the other peoples in Europe," the minister

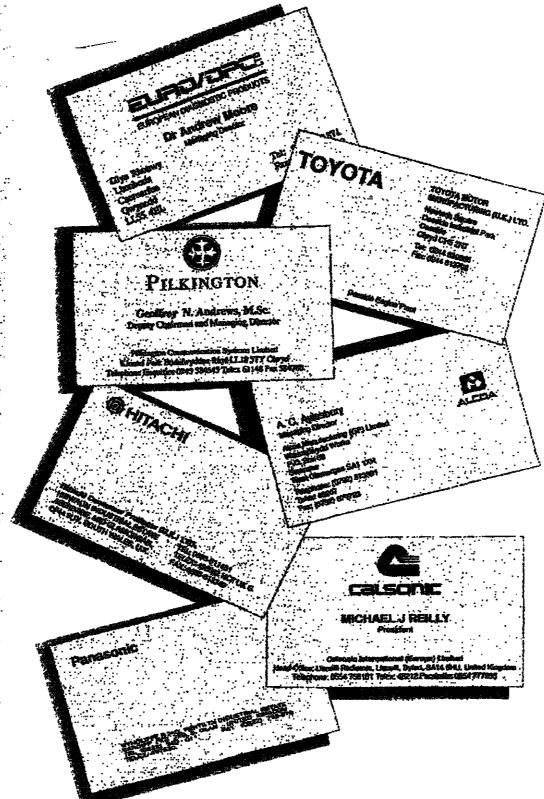
He also called for "a Ruro pean solution" to the flood of asylum-seekers across Ger many's eastern borders, echoing remarks on Monday by Mr Jacques Delors, the European Commission president

Speaking after the German rate cut, Mr Delors said solidarity in Europe was "a two-way street" and that Germany's partners should reciprocate by collaborating to ease its immigration burden.



Mr Theo Waigel, German finance minister: refused to deny that Chancellor Helmut Kohl made a secret visit to the Bundesbank last Friday to discuss a cut in interest rates

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EC states move for UN bar on Belgrade

By Michael Littlejohns in New York

BRITAIN, France and Belgium, the EC members on the UN security council, pressed last night for early action to bar the Belgrade gov-erament's delegation from active participation in the work of the new General Assembly as the successor to the former state of Yugo slavia.

Despite protests by Russia, where president Boris Yeltsin has been criticised for siding with the west in measures against the Serbs in Bosnia-Hercegovina, UN diplomats said they did not expect that Moscow would exercise a veto. Rather, they believe that both Russia and China might abstain when the question went to a vote in the council, perhaps by the end of the

A draft resolution prepared by the EC members following a foreign ministers' meeting in London last weekend would have the council recommend that the general assembly denies the Belgrade authorities' claim to "continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in the United Nations and that it decide that the Federal Republic of Yugoslavia (Serbia and Montenegro) should not be allowed to participate in the work of UN bodies."

British officials said the text was being refined following discussions with other members. They appeared confident that the outcome of security council action would be a decision by the general assembly to bar Belgrade's delegates from participation in meetings of the world body.

It would be the first time since 1974 that a member state had been so ostracised. In the earlier case, South Africa was ejected on a credentials challenge but continues as a UN

The EC states opposed recourse to the credentials procedure in the Yugoslav case, fearing a misleading response by some members. For example, the US, while seeking to oust the Yugoslavs, might not support a credentials challenge lest a precedent be set that might eventually

December Russia successfully claimed what had been the Soviet Union's permanent seat in the Security Council, west-ern delegates said this posed no problem because the other republics of the collapsed Soviet state did not object. See editorial comment



Bosnian fighters gathered at a cemetery in Sarajevo to mourn a colleague who was killed defending the city in the latest clashes

K troops face uncertain role

By David White. ce Correspondent

BRITISH troops have been preparing for the past three weeks to form the largest contingent of new UN forces for Bosnia, but remain in consider able uncertainty about how and where they will operate.

ning teams are to fly out this week to investigate convoy routes and establish areas of responsibility. The other main new contingents will be from France and Canada, with smaller forces from Spain, Norway, the Netherlands, Belgium and Denmark.

planning is still to be done," said one UK official. The 1,800 UK troops, with some 450 vehicles, are not expected to be in place in much less than six weeks. Crucial questions still hang over the rules of engagement - the confidential conditions governing a commander's leeway to use military force.

The force's mandate to protect food and medical aid convoys for Bosnia has been extended to cover possible convovs of released detainees. But Reminded that only last it has no brief to monitor the sites where heavy weapons are concentrated, and the question remains open how these weapons will be controlled.

UN forces are empowered to defend both themselves and the convoys. This means they may return fire and in some circumstances fire first. But it

is unclear what further action they might take against ambushers, and unlikely that their powers would extend to pre-emptive firing at an ambush site.

"The name of the game is protection, not forcing convoys a variety of interpretations".

will have some mortars. include no artillery or radars to locate heavy guns.

The UK force is designed as a self-sufficient "battle group". drawn mainly from units based in Germany and built around a reinforced infantry battalion, equipped with 40 Warrior armoured combat vehicles and backed up by a squadron of Scimitar armoured reconnaissance vehicles and logistics ipport.

Troops in Germany began painting their vehicles white last week. The relatively heavy equipment was chosen to oper ate along difficult mountain roads in winter, and both the Warrior and the Scimitar are equipped with powerful 30mm

The cost to the UK is reck-

Bosnian peace force may be too small

THE decision by the United Nations Security Council to send up to 6,000 more troops to Bosnia-Hercegovina is aimed at stepping up the international relief operations throughout the former Yugoslav republic. But UN officials admit that the numbers may be too small to cope with task facing the United Nations Protection

Forces (UNPROFOR). Under its enlarged mandate, the UN forces will support the United Nations High Commissioner for Refugees aid efforts in Bosnia, and provide protection, "where and when the UNHCR considers such protec-

tion necessary". However, the UN remains determined not to change its operations in Bosnia from peace-keeping to peace-enforce-ment for fear that it will be seen as partial towards any side involved in the

The expansion of the UN presence is tied to the humanitarian aid effort," a senior UN official said yesterday. However, he added that it would run in parallel with the Geneva talks on the former Yugoslavia, as well as continuing attempts to place all heavy weapons under UN supervi-

signed last month at the London peace conference envisage sending many more observers to Bosnia's borders to stem the flow of weapons into the republic. As part of the humanitarian effort, UN troops, which

In addition, the agreements

Sixty-eight sick and injured men from Serb-run detention camps in Bosnia were flown to hospitals in Britain on a Red Cross flight yesterday, Reuter reports from Zagreb.

The Russian Aeroflot aircraft was chartered by the International Committee of the Red Cross (ICRC). It took off for Britain from the Serbheld stronghold of Banja Luka in northern Bosnia-Herzegovina. A Red Cross spokeswoman said 67 of the men on board were from two detention camps, Manjaca and Trnopolje, and one from the Banja Luka

UNHCR, will will be deployed in four or five new zones, apart from the Bosnian capital. Saraievo. These include Banja Luka, Bihac and Doboi in the north, Mostar in the south, and Tuzla and Gor-

azde in the east A UN infantry battalion will be based in each zone. It will be complemented by an engineer bridging company, military observers and logistical and signals back-up.

"The UN units in the new zones would need to have a high degree of self-sufficiency," said Mr Boutros Boutros Ghali, the UN secretary general, in his report on Bosnia to the security council.

"The troops will be doing a lot of repair work before the winter arrives. Bridges have to be re-built.

"Mines have to be located. Roads have to be made passable. We will not be able to use the mountain routes in a few weeks time," a UN commander

When we move the UN troops into the zones, they will be there for some time. This is a long haul," he added. At the request of the UNHCR, the UN troops will protect aid storage facilities in these zones. The relief convoys

will be supported by a UN

transport battalion, which will

escort them in and out of the

The troops will follow normal peace-keeping rules of engagement," and will be authorised to use force in self-

Mr Boutros Ghall stressed that self-defence would include situations in which armed persons attempt by force to prevent UN troops from carry-

He said that if all parties involved in the war in Bosnia did not stop attacking UN personnel, "further steps might be necessary to ensure UNPRO-FOR'S security and enable it to fulfil its mandate".

However, Mr Boutros Ghali ros conceded that the enlarged UN presence in Bosnia would

not be large enough to protect any of the people released from the detention camps who wish to leave the republic, let alone protect those who wish to return to their homes, which in many cases have been

destroyed. He said the security council would have to expand the UN's mandate even further if it was to take on this role as well.

Under these circumstances and the limitation of the current mandate, it is now apparent that the UN's expanded role in Bosnia will not lead to the setting up of safe-havens for the millions of refugees, nor will UN protectorate zones be established.

Mr Alija Izetbegovic, the Bosnian president, has backed off his threat to boycott international talks on Bosnia's future scheduled to begin in Geneva on Friday, writes Frances Wil-

liams in Geneva.
He will be sending Mr Haris
Sliajdzic, the foreign minister. Mr Radovan Karadzic, the Bosnian Serb leader, and Mr Mate Boban, leader of the Croat-controlled area of western Hercegovina; are also expected to attend the talks. which will be chaired by Mr Martti Ahtisaari, a senior UN

The talks, under the auspices of the Geneva conference on the former Yugoslavia, cosponsored by the UN and European Community, are intended to craft a long-term political settlement for Bosnia-Hercego

Mr Fred Eckhard, spokesman for Mr Cyrus Vance and Lord Owen, co-chairmen of the conference, said yesterday that the negotiations would go into continuous session from Friday until a solution was reached. He added that the talks

would start with a clean slate, now that the EC's previous "cantonisation" plan has been buried. This would have divided Bos

nis into cantons controlled by Serbs, Croats and Moslems, with guarantees for minority

But it proved unacceptable to the Bosnian government which continues to press for a unitary state. Mr Vance, a former US secre-

tary of state, and Lord Owen, former British foreign secretary, yesterday condemned Serb air attacks in and around Bihac, and called on Mr Karadall heavy weaponry around four Bosnian cities under UN supervision. UN observers reported heavy shelling in the Bosnian capital Sarajevo on

Monday from all sides. Meanwhile, there seems little prospect of an early resumb tion of the humanitarian airlift into Sarajevo.

deployments became necesdeployment has increased concern that the army, in the prosary, the government might through," said one army officess of being reduced by 25 per have to rethink its plans for cer. He accepted problems were cent, may be overstretched. will work closely with the likely to arise, but warned that army cutbacks. Reconnaissance and planlooser rules of engagement could "open the door too far to Current deployment areas for UN peacekeeping forces 🚟 HUNGARY **AUSTRIA** Currents plans are based on the assumption that any attack on convoys would probably SLOVENIA involve direct fire - for CROATIA **ROMANIA** instance from heavy machine VOIVODINA guns or anti-tank weap-"A hell of a lot of detailed ons - rather than artillery. British forces, although they

oned at £80m-£90m in the first

year. Britain, which currently

has 300 medical personnel in

Croatia, has up to now been

among the most cautious about

sending combat troops to for-

mer Yugoslavia. The Bosnian



Troop strengths in Northern

Ireland have already been

increased since last year by

two battalions. "The pips will

squeak a bit, but it's still tena-

ble," said an army source.

However, if significant further

GM alters Polish assembly plans

By Kevin Done. fotor industry Correspondent

GENERAL MOTORS, the world's largest vehicle maker, is seeking to start small-scale car assembly in Poland by

autumn next year.
The company, which signed a memorandum of understanding with the Polish Government and FSO, the Polish state-owned car maker in February, has presented a revised plan to the Polish authorities. This calls for the start-up of assembly of Opel cars in Warsaw - probably the Opel/ Vauxhall Astra small family

final agreement being reached. The revised deal, which could be finalised by mid-November, involves assembly initially of up to 10,000 cars a year

car - within 9 months of a

FSO plant. It is expected that FSO would hold a minority

The plan involves a more modest first step into local assembly in Poland than GM had envisaged in February, but at the same time it is seeking to bring forward the start-up

stake in a joint venture with

Under the terms of the original memorandum of under-standing it was planned that GM would invest initially up to \$75m in plant and equipment at the antiquated FSO plant for the production of the Opel/ Vauxhall Astra, GM's best-selling car in western Europe.

It intended to establish a capacity to produce a total of 35,000 Astras a year on three shifts. It has now decided, however, that this plan must be

End of car strike opens way for Fiat takeover

By Christopher Bobinski in Warsaw

A SEVEN-WEEK strike at Poland's FSM small car factory, which is being taken over by Fiat of Italy, collapsed yesterday giving the government a victory in its battle for wage restraint.

The government had been hoping that its firm stance on the FSM strike would send a positive signal to foreign inves-

The way is now open for Flat Auto, which last May signed a deal worth nearly \$2bn for the plant, to take possession. Flat has been waiting for the strike to end and the company's office in Warsaw says it hoped the "opening date" for the takeover would be October I. Meanwhile up to three thou-

sand workers yesterday agreed to leave the plant at Tychy in southern Poland after failing to win concessions other than a 30 per cent wage increase offered by Fiat at the end of July. The rise will come in to effect once the Italian car maker is in control and should

bring the average monthly

wage at the plant up to 4m

Zloty (£156). The strikers had originally demanded that wages be indexed to the market price of the new Cinquecento car they have been producing for Fiat at FSM since the New Year. FSM was to have produced 160,000 vehicles this year but the strike has resulted in the loss of some 15,000 cars, delay-

ing Flat's western Europe sales

campaign for the Cinquecento

this autumn.

Moves over German bank cartel inquiry

By Leslie Colitt in Berlin

THE German Cartel Office has confirmed its "suspicion" that German banks misused a market-dominating position to pay consistently low interest rates on savings accounts held by

millions of Germans.

The initial suspicion bas been borne out and early next month we should be able to decide to proceed with the investigation" Mr Dieter Wolf, the new president of the Cartel Office, said. A public hearing of the banks may take place

first. German banks were shocked last month when the Cartel Office announced an investigation into interest rates paid on small savings accounts. Rates paid in the last four years were between 2.5 and 3 per cent for savings accounts of less than DM2,000 (£716), although the discount rate had more than

"Our findings would not be legally relevant if savers could go elsewhere. But they cannot unless they invest considerably more money" Mr Wolf said. In order to lower costs, the investigation launched last month is limited to eight banks operating in Berlin.

They include the three leading German banks - Deutsche Bank, Dresdner Bank and Commerzbank - as well as Postbank, the large postal bank, and four banks operating mainly in the Berlin area.

However, the Berlin-based Cartel Office said its suspicion applied to banks throughout Germany. The Cartel Office's next step is to decide whether to order the banks to raise interest rates on small savings accounts to a level which would exist if there was genuine competition

Banker warns Paris Club on Russian debt By Peter Norman

WESTERN governments were yesterday warned by a senior banking official not to reschedule Russia's foreign debts without first obtaining hig improvements in the coun try's economic and financial

Mr Horst Schulmann, managing director of the Washing-ton-based Institute of International Finance (IIF), said that if the Paris Club of western creditor nations were formally to reschedule Russia's overdue

The Paris Club is expected this weekend to announce details of an agreement to reschedule \$33bn (£16.7bn) of debt belonging to the former Soviet Union at the G7 finance ministers meeting Alice Rawsthorn reports from Paris. A consensus among Paris Club members is believed to favour rescheduling the debt repayments over 10 years. This would include a moratorium of five years in which the new republics would pay back only interest.

payers" in the big industrialised countries.

Speaking as senior government officials of the creditor countries met in Paris to discuss the debts of the former Soviet Union, Mr Schulmann

interest payments Russia said it was "difficult to avoid could "become the ward of tax the conclusion that policy makers in Russia do not know what they are doing. Indeed they may not know what is going on," he added.

Mr Schulmann, who leaves Washington shortly to become president of the German state

member of the Bundesbank's decision-making central council, said Russia had generated enough foreign exchange so far this year and in 1991 to pay all the interest it owed on its foreign loans. But the IIF, which was set up by large international banks in the early 1980s to monitor sovereign debt problems, has calculated that Russia has paid less than \$500m (£253m) in interest since January.

He said Russian ministers had estimated that capital flight from Russia totalled

figure was likely to be double that amount, he said. Mr Schulmann said it would set a "wrong signal" to reschedule Russia's debts in these

circumstances because such an action would give an appearance of orderliness to a very disorderly situation. Instead, the industrial countries should continue to deal with Russia's overdue debt by rolling it over also said the International Monetary Fund should not give Russia a standby credit st

Romanian PM urges real change

MR THEODOR Stolojan, Romania's outgoing prime minister, said yesterday the country's leaders had "made mistakes" and underlined the need for political change after parliamentary and presidential elections scheduled to be held on September 27.
"The situation is not so good

for Romania. We have to give the chance to people to have another government based on the power of the vote," said Mr Stolojan, a non-partisan prime minister of a coalition govern-

Mr Stolojan's comments come in the wake of bitter criticism from the Democratic Convention (DC), an 18-strong coalition of opposition parties. The Convention contends in its election campaigning that the country's current leaders, and particularly Mr Ion Iliescu, Romania's president, have ruled undemocratically, maintained supporters of the previous communist regime in key institutions and failed to introduce meaningful reforms.

While many Romanians

appear more concerned about

recent price rises and worsen-

Stolojan: admits the country's leaders have made mistakes

elections, opinion polls suggest that the DC's emphasis on the need for a clean break with the past is paying off.

The latest polls indicate that margin, is now in a tight con-

ing bread shortages than in the President Iliescu, a former high-ranking communist offi-

cial, who at the start of the campaign was tipped for reelection with a comfortable

test with the DC's candidate, Mr Emil Constantinescu, the rector of Bucharest University. In the parliamentary elections, pollsters give more than 32 per cent to the Convention, which emerged from February's local elections as the main opposition to the National Salvation Front (NSF). The NSF, which took power following the bloody overthrow of the Ceausescu regime in December, 1989, went on to win twothirds of the vote in the first post-communist elections in

May, 1990. But the NSF was weakened earlier this year when supporters of President Iliescu left to form the Democratic National Salvation Front (DNSF), a left-wing party favouring only limited reform.

The polls indicate the DNSF will pick up 12-15 per cent, with a similar proportion going to the NSF, which is led by Mr Petre Roman, whose reformist government was toppled following three days of miner-led

riots in September, 1991. Many voters say they are still undecided, but with no group likely to win a majority, the next government could be a coalition between the Convention and Mr Roman's NSF. hours and shorter rest periods

Stalemate in French prison row

THE French government yesterday offered to freeze the temporary suspension of 40 prison officers announced on Monday as a conciliatory ges-ture towards resolving their industrial dispute, writes Alice Rawsthorn in Paris. However, its efforts were blocked when two of the biggest officers unions, the UFAP and Force Ouvrière, refused to attend a morning negotiating meeting. Despite the government's efforts, staff at most of

France's 182 jails stayed out on strike over their demands for improved security after the murder of two officers. There were ugly scenes as riot police tried to restore order, sometimes clashing with picketing officers as well as immates. The French airline pilots' unions have called out their members on a 24-hour strike today in protest at proposed changes to their working arrangements. The pilots union criticised the European Commission by claiming that if was tabling changes which would involve more nying

US doctors' group backs care reform

and George Graham

ONE of the largest groups representing US physicians has endorsed health care reforms similar to those proposed by Governor Bill Clinton, the Democratic presidential candi-

The American College of Physicians, which represents 77,000 specialists, has called for a national cap on health-care spending and tough limits on fees that doctors and hospitals

The college said it had been working on its reform plans for five years and was not attempting to take sides in the presidential campaign, where health care has emerged as one

The Clinton campaign, how-

as a breakthrough, arguing that it proved that informed opinion was swinging in favour of more government intervention to manage runaway bealth-care costs.

Like Mr Clinton, the physicians' group believes employ-ers should be required either to provide bealth insurance for workers or pay a levy to help finance an expanded public-President George Bush has

flatly rejected an overall cap on health spending and specific limits on doctors' fees. arguing that such policies are socialist and would result in queues for care.

Opinion within the medical Meanwhile Mr Bush sought vesterday to revive the issue of Mr Clinton's avoidance of the Vletnam war draft, which has

dogged the Democratic candi-

After first defending Vice-President Dan Quayle, who avoided serving in Vietnam by opting for the National Guard, Mr Bush worked himself up to fever pitch as he explained why he felt Mr Clinton's draft history was relevant to the election campaign.

We can never forget that we ask our presidents to lead the military, to bear the awful authority of deciding to send your sons and daughters in harm's way," Mr Bush told the National Guard Association in

Mr Clinton, also in Utah yesterday, did not respond. Instead he discussed defence budgets and economic policy, but stuck to his earlier promise to say not a word more about the draft.

World Bank plans to boost lending

By George Graham-

THE World Bank plans a big increase in lending to developing countries this year after a slowdown over the last 12

The Washington-based devalopment organisation aims to boost lending from its core unit, the International Bank for Reconstruction and Development (IBRD), to between \$18.5bn and \$21.5bn (£10.9bn)

The World Bank says in its annual report, published this morning, that IBRD loan commitments in its 1992 fiscal year, ending June 30, fell to \$15.2bn from \$16.4bn the previous year, as lending in eastern Europe slowed and big development projects were suspended in Turkey, Yugoslavia, Algeria

The bank also expects to increase loans from its affiliate the International Development Association (IDA), which concentrates on lending at concessional rates of interest to

the poorest developing coun-

IDA commitments are expected to reach about \$7.4bn this year, against \$6.6bn in the year ending June 30.

With sustainable poverty reduction, environmental protection and private-sector development now its priorities. the World Bank says in its report that it has placed new emphasis on its portfolio of existing loans, rather than on making new loan commit-

The bank has introduced a carrot and stick approach to encourage borrowers to keep up with loan repayments. A country that falls 30 days behind in its payments will have no new projects presented to the board for approval. If it falls 45 days behind, even previously approved loans will not

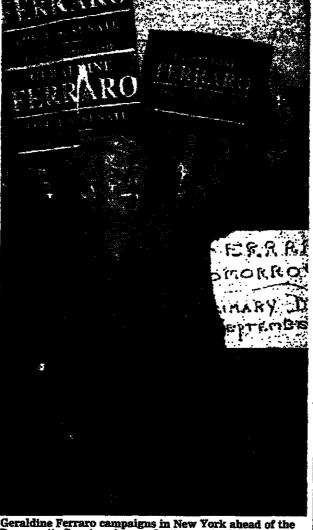
On the other hand the bank has waived half of the 50 basis point interest rate spread which it charges on loans to borrowers who pay on time.

Argentina on time with budget

ARGENTINA unveiled on Monday evening a draft 1993 budget totalling \$40.05bn (£20.3bn), against a backdrop of government infighting and debate over alleged government insensitivity to the social costs of its orthodox adjustment policies, John Barham writes from Buenos Aires.

Mr Domingo Cavallo, economy minister, said when presenting the budget to Congress that although federal spending would increase by 17.4 per cent over 1992, the budget would be balanced, with revenues of \$40.05bn - equivalent to 24 per cent of GDP. Public spending, including local government, is forecast at 42 per cent of GDP. Central and local government will increase social spending to \$47.5bn, or 28 per cent of GDP in 1993.

This is only the second time in 40 years that an Argentine government has submitted its budget to Congress for



Geraldine Ferraro campaigns in New York ahead of the Democratic Senate primary election yesterday

NY Democrats urged to elect dead candidate

NEW YORK Democratic party leaders appealed to voters to elect a dead man in yesterday's primary race, writes Alan Friedman in New York. Mr Ted Weiss, a Manhattan Democrat who was among the most liberal members of the House of Representatives, died on the eve of the party's pri-

to win overwhelmingly. The eight-term congressional veteran, who was a critic of the US pharmaceuticals industry and a campaigner for better Aids research, was to have stood virtually unopposed in the election, facing only a fringe candidate. New York's electoral law

would allow the Democrats to select a successor to stand in the November election if the late Mr Weiss wins the primary. And a win in his constituency - which includes the heart of Manhattan's Upper West Side liberal enclave means certain victory in the November election. Thus New York's Democrats urged the mary, which he was expected electorate to cast their vote for the dead congressman.

Meanwhile, voters were also choosing a Democratic challenger to incumbent New York Senator Alfonse "Al" D'Amato from a field led by former Con-gresswoman Geraldine Ferraro and Mr Robert Abrams, New York State attorney-general.

Unease in Mexico rises as economy takes a dip

THE SHINE on the Mexican economic miracle. once the toast of Wall Street and the envy of Latin America, is beginning to wear

Despite a sharp rebound on Monday, the stock market is 30 per cent down since June. The economy is expected to grow by only 2-3 per cent this year, compared with the government's original forecast of 4

The current account deficit is likely to exceed \$20bn (£10.1bn), or more than 6 per cent of gross domestic product (GDP). The long-awaited rise in Mexican living standards

appears as distant as ever. The slowdown has generated creeping unrest. The Manufacturing Industry Chamber has complained about tight govern-ment policy and the squeeze on consumer spending. In July and August, workers at the Volkswagen car plant, the largest in Mexico, and 22,000 textile workers were on strike.

Another 15,000 former petrol workers were protesting at their dismissal and lack of severance payments.

At the same time the govern ment has been stung by political problems that are less easy to explain away when the economy is underperforming. Yes-terday the ruling party's gover-nor of Michoacan state took office amid mounting protests from the leftist opposition at alleged fraud by the government party.

While economists differ on the severity of the problems, most agree on the cause: Mexico's troublingly high cur-rent account deficit and inflation rate, coupled with the sluggish US economy and nervous foreign investors. The combination has forced the government to raise short-term interest rates to 17 per cent and to run an even larger bud-get surplus than forecast in an effort to cool down the econ-

The government has warned the private sector not to expect any loosening of economic policy in the near future. ' cannot pay attention to the few voices that propose relaxing financial discipline to adjust the nation to their own ineffiSalinas de Gortari said in August at the annual bankers' convention. The prize he is seeking is single-digit inflation

not attained in two decades

and productivity increases as companies restructure in order to compete. The trouble is inflation, with imports remarkably unwilling to respond to the economic slowdown, argues Mr Jonathan Heath, head of the consultancy

The government, writes Damian Fraser, has been stung by problems that are less easy to explain away

Macro Asesoria Economica.

when the economy is underperforming

> Mexico's inflation rate is falling but will still be around 11-12 per cent this year. The peso devalues against the dollar by a pre-set 2.5 per cent a year in nominal terms, implying about 6 per cent annual real appreciation against the dollar. On top of that, imports in the first half of this year reached \$23.1bn, 30 per cent up on the period last year, while exports were \$13.7bn, up 1.5 per cent.

> The implication, says Mr Heath, is that "the government is going to have to continue with its restrictive policy all this year and maybe next year

> Mr Roberto Barreira, head of research at the brokerage Inver Mexico, concurs and has cut his forecast for growth next year to only 2 per cent.

Such low growth will reduce company earnings next year and partly explains the poor performance of the stock mar-ket. Low growth should also reduce private investment, already suffering from the falling stock prices and higher interest rates. Private investeager foreign investors, has fuelled economic growth over

the past two years.

The government's economic strategy may have become over-dependent on the ability to attract cheap foreign capital. the boom years of 1990 and 1991. "The 1990s are not the 1980s," argues Mr Jesus Reyes Heroles, head of the consul-tancy GEA, "and unlike Spain then, Mexico faces a real scar-

city of world resources." Thus, while Mr Jose Cordoba, the president's closest adviser, says in one breath that Mexico needs \$150bn of foreign capital in 10 years, he admits in another the difficulties, by publicly warning Mexican companies not to raise too much equity capital in international markets

The proposed North American Free Trade Agreement (Nafta) grouping Mexico, the 11S and Canada was meant to square the circle by locking in President Salinas' economic reforms, and encouraging for-eigners to foot the bill for the country's industrial restructur

But the Mexicans first overestimated the speed at which the Nasta negotiations could be concluded and then under-estimated the opposition to the agreement in the US Congress. A ferocious attack on Nafta last Tuesday by Mr Richard Gephardt, the Democratic leader of the US House of Representatives, helped the market fall by 7 per cent in the

ost people expect the congressional vote be delayed until summer next vear, and the final result to be

The shortage of cheap foreign capital may mean that the Mexican government will have to put up with sluggish growth for the next couple of years. just when the ruling party prepares for the 1994 presidential

It will be a measure of President Salinas' political skills if he can persuade Mexico that this was the best result obtain-



n only the boss

"Being a young global company can cause the occasional growing pain but it has a lot of advantages. We can avoid the mistakes made by our older brothers. For us, decentralization

doesn't mean turning everything upside down. It has always been a part of our culture. We now have 40 highly independent business units. My job is to set the framework. And give them room to move within it. I'm involved, but I don't interfere. Our business units are both global players and local entrepreneurs. It's all part of creating the right chemistry."

Akzo is one of the world's leading companies in selected areas of chemicals, fibers, coatings, salt and health care products. CREATING THE RIGHT CHEMISTRY Some 63,000 people, active in 50 countries around the world, make up the Akzo workforce. For more information, write or call: Akzo nv, ACC/F1, P.O. 8ox 9300, 6800 SB Arnhem, the Netherlands. Telephone (31) 85 66 22 66.



rise on hopes of new money

more than 20 foreign fund

managers had called yesterday

mainly from Hong Kong, the

Some brokers in Bombay

have been drumming up business by forecasting massive

flows of foreign money of \$1bn

and more into the \$70bn stock

market over the next year or

so. But others warn that

\$100m-\$200m may be more real-

Mr Subramanian said "old India hands" might start buy-

ing selectively, but foreign

investors as a whole were wary

because of the recent scandal

uncertainty about the future

course of economic reform and the high price of Indian stocks.

bay trades on a multiple of

about 30 times earnings for the year to March 1992 and about 26 likely earnings in the year

to March 1993. "At these levels

we won't see much money

Nevertheless, financial com-

panies are busy preparing for

the day foreign investors

become a permanent part of the Indian market.

Foreign broking houses - in-

cluding Jardine Fleming, the

British-owned company and

Merrill Lynch and Morgan

Stanley of the US - are open-

ing representative offices or

making alliances with local

Until now foreign investment

in India has been limited to

eight offshore funds which

have accumulated net assets of

about \$1.1bn since the first was

coming in."

The average share in Bom-

seeking further information

UK and the US.

INDIAN stocks soared yesterday after the announcement of rules for the opening of the country's capital markets to foreign investors.

The Bombay stock exchange index jumped 4.1 per cent as investors shrugged off their ket scandal and bought stocks in the hope that the rule changes will prompt a wave of foreign investment.

"The mood was extremely up-beat," said Mr S. Subramanian, vice president of DSP Financial Consultants, an

investment company.
The opening of India's markets to foreign institutions is a key element in the government's wide-reaching economic deregulation programme. The announcement coincides with the visit to the UK and the US of Mr Manmohan Singh, the finance minister.

Under guidelines published on Thursday, foreign institutions will be permitted to hold up to 5 per cent of any stock. Foreign institutions as a whole will be allowed to buy up to 24

Dividends and interest income will be taxed at 20 per cent, long-term capital gains (profits on securities held for more than a year) at 10 per cent. The government has yet to disclose the tax rate on short-term investments - an important consideration or

many institutions. A senior official of the Reserve Bank of India, the cen-

Indian shares China to boycott Mideast arms talks

By Alexander Nicoll and Mark Nicholson in London, and Agencies

CHINA is boycotting talks between the five permanent members of the UN Security Council on restricting arms sales to the Middle East in what appears to be its first retaliation against President Bush's decision to allow the sale of F-16 fighter jets to

Reuters news agency quoted a State Department official as saying China had informed the US that it would not

attend the talks, for which no date to co-operate in arms control and non-has yet been set. "They've said they proliferation efforts. will not be going to the. . . talks," the official said, adding: "We will be arguing against that."

However, China is taking part in separate multilateral talks on Middle East arms controls, which began yesterday in Moscow. Beijing is furious that Mr Bush

cleared the sale of up to 150 fighters what it says is a breach of a 1982 Sino-US agreement. It said the decision would make it difficult for China

It was not clear yesterday whether the Chinese boycott was the beginning of a sustained campaign of nonco-operation in arms control discussions, or a one-off action designed to underline its displeasure at the fighter sale.

The State Department official said that China's decision to boycott the talks did not mean Beijing was about to resume arms sales to the region but Washington would be watching carefully.

Progress on arms control in the Middle East, to which China is a leading arms supplier, is likely to be limited by the willingness of Arab states to curb weapons buying while Israel remains the region's sole nuclear

Though no significant arms control agreements are imminent, the absence of China from such discussions for a long period would be seen security, especially in Asia - which

contains several potential flashpoints and where arms purchases have been

accelerating. However, the US has warned China against reacting badly to the Taiwan sale and Beijing's options for retalia-tion are limited by its desire to pre-serve its most-favoured-nation (MFN) trading status with the US. The US Senate voted this week to attach conditions including progress on human rights to MFN renewal, but Mr Bush has previously vetoed such con-



More than 1,000 killed in floods

MORE than 1,000 people are believed to have been killed in one of the worst floods ever seen in Pakistan.

Hundreds of peasants outside Multan, the historic city of the Sufi saints, yesterday sought refuge on the roofs of their mud houses, as the heart of Pakistan's cotton belt was hit by the floods.

Small patches of cotton and rice crops, and trees with their trunks fully submerged in a sea of water were the only remaining signs of the lush green farms that were flourishing up until last week.

Breaches made by army engineers in a canal west of the city helped prevent flood water from entering Multan. But the floods were last night heading towards the southern province of Sindh amid widespread fears of further damage to life and the economy.

The floods and torrential have progressively spread over Pakistan and parts of Kashmir controlled by

The cost of rehabilitation could intensify pressure on the national economy, already hit by a world recession which has caused a setback to cottonrelated exports.

Now there are concerns that the cotton crop, the production of which had risen by 35 per cent over the past year, will take a severe beating. Although the extent of the damage remains unclear, cotton production levels may decline by at least 10 per cent. the government estimates. However, some officials believe that the losses could be as great as 20 per cent. Last year, almost 58 per cent of export earnings came directly or indi-

rectly from cotton. Western and Pakistani journalists were flown in an army helicopter outside Multan yes-terday. Little land was visible, while motorboats, carrying relief supplies and army troops, were plying between camps and the refuge sites as rescue operations continued. A government minister said Pakistan was considering

launching an international

Minister

holdings

MR Richard Hu, Singapore's

minister of finance, has defended his government's

investments in overseas com-

serious financial difficulties.

In recent years Singapore

has been utilising some of its

N Korea refuses to budge

By John Burton in Secul

NORTH Korea is showing no sign of making concessions on closer ties with South Korea, despite increased diplomatic isolation as the prime minis-ters of both sides begin a new round of talks in Pyongyang

Although South Korea's bargaining position has been lishment of diplomatic relations with China, North Korea's main ally, this has

By Bronwen Maddox, Environment Correspondent,

A BREAKAWAY whaling

organisation could further

undermine the influence of the

International Whaling Com-

mission, the whaling regulator,

which has seen repeated chal-lenges to its jurisdiction this

The North Atlantic Marine

Mammal Commission

and Karen Fossii in Osio

with Secul.

North and South Korea signed reconciliation and nonnuclear agreements last December, but negotiations to implement these pacts have reached stalemate.

South Korea is demanding that North Korea accept challenge inspections of its suspected nuclear research facili-Pyongyang accedes to the

Whalers form own grouping

the Faroe Islands, declared at

its first meeting that dissatis-

faction with the IWC's ban on

commercial whaling was the

Iceland left the IWC at the

June annual meeting. Norway,

while remaining a member, plans to resume commercial

whaling next spring. The two have repeatedly criticised the IWC, which includes many

GWADUR DEEP

SEA PORT

main reason for its creation.

North to seek a compromise relations between the South and the North will be possible without finding a bona fide resolution to the nuclear issue," South Korean Prime Minister Chung Won-shik said in a speech at the welcoming din-

ner in Pyongyang last night. Only limited progress has been made in reaching agreement on other steps to promote closer co-operation between economic investment until reunion of separated Korean families from the two sides last month was cancelled due to "No substantial progress in the impasse in negotiations.

ments and refusing to agree

quotas for commercial whaling

even on a "sustainable" basis.

greatly increased if Russia and

Canada accept its invitation to

whaling countries, also attended the inaugural meet-

Nammco will also cover seals

join. Japan, one of the larges

ing as an observer.

and pilot whales.

Nammco's influence will be

(Nammco), founded by Nor-way, Iceland, Greenland and dering to animal rights argu-

INGAPOREANS have a word for it: Kiasu, a Hok-kien Chinese term which describes a fear of missing out the rising fear or failing to keep pace with the

The reason is the economy. In 1988, the economy grew by 11 per cent, in 1989 by 9.2 per cent, in 1990 by 8.3 per cent and last year by 6.7 per cent. In the first balf of this year growth slid to 5 per cent.

Singapore sets itself high economic standards, and the decline in growth has been enough to induce wholesale nervousness. Shops and restaurants are unusually quiet. Though there are more tourists arriving, the big spenders, notably the Japanese, are staying away. Hotels are in a price war for customers.

Singaporeans watch as their old rival, Hong Kong, continues to grow rapidly. There is also political uncertainty, with the old captain of the SS Singapore, Mr Lee Kuan Yew, no longer at the helm. Singapore, it is felt, is failing to keep up. However, the picture is bardly all doom and gloom. Singapore's growth is largely dependent on its exports, and analysts point out that a 5 per cent rise in gross domestic product (GDP) is a

significant achievement at a time when Singapore's main Community and neously either in recession or showing only slight growth.

be full of economic angst, but investors are still bullish about the island republic's economic prospects. there was a sharp dip in foreign investment: new investment commitments in

an attack of economic angst foreign Singapore Kieran Cooke on

Growth falls give Singapore

crowd. These days there is Of missing out

manufacturing in the first six months of this year were S\$1.7bn (£534m), a 6 per cent rise over the same period in The government says all is

more or less on course: as the economy matures, slower economic growth rates are inevitable. Singapore, with its highly trained workforce, its well developed infrastructure and its \$38bn foreign exchange reserves is poised to take advantage of opportunities in what is the world's fastest growing economic region.

But there are problems. As in the mid-1980s, there are signs the government is pumppriming the economy by pouring money into the construction sector, which enjoyed a 20 per cent growth rate in the first half of the year, while manufacturing output contin-ues to fall and the financial services sector - one of the star industries in recent years

 achieves minimal growth. The GDP growth figures disguise an export performance

Real GDP: annual % chance

which is sluggish in comparison with recent years. While Singapore retains a strong position in the electronics sector (it produces 50 per cent of the world's computer disk drives) further growth is largely dependent on an illu-

sive US economic recovery. "Singapore had grown complacent," says one economist.
"It thought it had escaped the effects of the recession in the west. That's clearly not the case now."

Singapore is also faced with the erosion of its competitiveness. While wages are rising at a lower rate than in the mid-1980s, there are worries about a growing gap between wage

per cent rise of its currency against the US dollar since the end of 1989 has further blunted its export competitiveness.

The government's answer is to encourage domestic manufacturers to automate; go into

more high-tech industries; or move their labour-intensive industries offshore. But such moves are taking longer than Government sensitivity to

criticism of its management of the economy is partly due to political factors. In elections last year, the governing Peosince Singapore's

independence, lost support. A number of by-elections pending will be a severe test for Mr Goh Chok Tong, the prime min-

Goh has Mr recently warned against "the democratic distemper which afflicts peoples whose economies have become sluggish because of subsidies". But the government might find it dangerous to ignore pleas education spending.

large foreign exchange reserves - now officially put at \$38bn - to invest in various companies and enterprises around the world. In May last year the Governrises and productivity. Singapore is an increasingly expensive place to do business: a 16

ment of Singapore Investment Corporation and Temasek Holdings, a state-owned company, bought a 30 per cent stake in Mount Charlotte Investments, the British based hotel chain, for S\$821m (£272m at today's exchange rates). The purchase was part of a Singapore government move which also involved acquiring a 4.7 per cent stake Brierley Investments company, whose biggest asset is Mount Charlotte. Mount Charlotte has severe

debt problems and trading in its shares on the London Stock Exchange stopped late last year. Responding to opposition questions in the Singapore parliament, Mr Hu said no loss had so far been incurred on the government's Mount Charlotte shares.

"Shares in Mount Charlotte were purchased as a long term investment. Therefore, the return from this investment can be determined when Mount Charlotte is relisted on the London Stock Exchange." said Mr Hu.

He also said losses on investments in high-tech companies in the US were no cause for concern. Mr Hu said Singapore Technologies Ventures, ulti-mately controlled by Singa-pore's Ministry of Defence, had invested \$338m in Silicon Valley companies last year and losses amounted to S\$5m.

Invitation for HAZARDS OF REPORTING FIGURES US, the European **Expression of Interest**

Pursuant to the decision of Government of Pakistan to develop a deep sea port at Gwadur on Balochistan Coast, expression of interest is invited for

financing and developing the proposed port.

Gwadur, situated at a distance of 290 nautical miles from Karachi has all necessary and technically assessed oceanographical and topographical features for a deep sea port. A Mini Port for vessels up to 1000 tons DWT is ready for operation.

Future Outlook

Gwadur is located in the vicinity of Strait of Hormuz. A road network is being developed to service the hinterland for import/export cargo of Pakistan. It can thus function as a trans-shipment station capable of serving Gulf and East African ports with fast feeder services besides being a transit port for Central Asian Republics. Abundant land is available near the port for setting up Industries.

Techno-economic study of the project by a firm of international repute will be available shortly. The project is aimed at accommodating vessels up to 50,000 tons DWT in the first phase with provision of upgrading to 100,000 tons DWT. It has the following broad parameters:

 Identification and dredging of approach channel • Construction of Groyne and Quay wall of approximately 1500 meters

• Supportive infrastructure/buildings/services in the port

Expression of Interest

The expression of interest based either on Build, Own and Operate (BOO) or Build, Own and Transfer (BOT) or mixed funding for developing deep sea port at Gwadur may reach the undersigned by October 31, 1992.

-Mr. Mohammad Sher Khan-

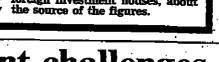
Additional Secretary

Ministry of Communications, Government of Pakislan, Islamabad.

Telephone: (92 51) 214059 Fax: (92 51) 828724

COMMENTATING on the Singapore economy can be a hazardous business, writes Kieran Cooke. In late June, the Singapore newspaper Business Times published preliminary government figures for GDP growth in the second quarter of the year. The figures gave a lower than expected growth of 4.6-4.8 per cent. Six weeks later, officers from Singapore's Internal Security Department (ISD) questioned Business Times journalists and

Business Times journalists and tioned, as have representatives of took away notebooks and comforeign investment houses, about puter files. The preliminary the source of the figures.



US direct investment challenges Japanese in Asia

By Victor Mallet in Bangkok

INCREASED US direct investment in developing Asian economies is challenging the conventional wisdom that US corporations must take second place to their Japanese rivals as investors in the region, according to a report by Merrill Lynch, the US brokerage.

In an analysis of investment statistics in its latest Asian Economic Commentary, Merrill Lynch notes that US net direct investment in Asia. excluding Japan, rose 37 per cent last year to \$2.29bn (£1.16bn) in spite of the US

recession, while worldwide US investment fell 52 per cent. "US companies took a surprisingly aggressive stance on

non-Japan Asia," the report says. "US investments to all other parts of the world fell significantly." Flows of Japanese investment to Asia remained high at \$5.94bn in the fiscal year ended in March, but were down 16 per cent from the previous year.

Although the investment fig-ures issued by Japan and the US are not strictly comparable, Merrill Lynch said, the fact that US investors' commitments grew at a time when

were cutting back is confirmed lower Japanese investments development of financial and by investment approval statis- will continue. tics from recipient countries.

Indonesia, Malaysia, Thailand and the Philippines all recorded increased approvals for US investments in 1991, and decreased approvals for Japanese projects, which suggests the trend of higher US and

computer service Industries in One reason for the increase Asia and the demand for recrein US investments is probably the renewed regional emphasis on the energy and petrochemical sectors, where US companies are strong.

US investments in the future could also be boosted by the

DIRECT INVESTMENT - % change over previous year Asia (exc Europe N.America Japan 30.8 - -25.9 - -23.4 -51.6 +36.5 -82.9

Hota: Japan figures are FY91/52 vs FY90/91, US figures are 1907 vs 1990. Sources: Merrill LynchiuS Commerce Deptijapen Finance Ministry

Singapore and Talwan "In the long run, Asia could

The outlook for investments in the manufacturing sector is more mixed, with US compa-nies continuing to focus on medium- and higher-end industries requiring skilled man-power, the bulk of the \$1.2bn of US manufacturing investments in the area in 1991 went to

ational products such as films,

books and even thems parks.

Merrill Lynch suggests.

benefit from a more balanced ments," Merrill Lynch says.

Service industry leaders endorse Nafta accord

By Nancy Dunne In Washington

SERVICE industry leaders, appointed by the White House to make trade policy recommendations, have endorsed the new North American Free Trade Agreement (Nafta) with its wide-ranging provisions opening the highly protected Mexican services market

This comes in a report by the Services Policy Advisory Com-mittee (SPAC), to accompany President Bush's notification to Congress that a pact has been reached between the US, Mexico and Canada. Congress requires reports from private-sector advisory panels, to help members weigh trade pact ben-

The report contains important annexes by dissenting members. Mr John Adams, a Natural Resources Defence Council environmentalist, said the accord lacks "sufficient environmental safeguards". He urges Congress to "condition final approval on strengthen ing measures that link environmental protection with North America's economic integration". Congress mem-bers they may block Nafta if environmental and labour provisions are not strengthened.

Mr Jason Berman, president of the Recording Industry Association, said Canada's exemption for cultural industirles should be matched by a warning the US will respond to

Canadian discrimination against US copyright interests. Mr. John Sweeney, president of the Services Employees' International Union, said Nafta should be renegotiated, and pledges sought to improve environmental and labour standards and protect workers'

fits of the agreement".
Foreign service providers are

present restricted in Mexican operations. Under Nafta, US and Canadian service providers will be treated the same as Mexican companies, unless their services are specially exempted. Civil aviation, maritime and basic telecommunications services are not covered by the pact; banks, insurance and securities have limits to be gradually phased out. Services and investment liberalisation is so extensive that US business may have trouble accenting anything less restrictive under the Uruguay Round; i.e., US and Canadian service-sector companies in Mexico will be

Canberra protests at **US wheat for Pakistan**

By Emilia Tagaza in Canberra

CANBERRA vesterdav protested against the US sale of 220,000 tonnes of subsidised wheat to Pakistan, part of the 800,000-tonne package the US recently announced under its Export Enhancement Pro-

Mr John Kerin, trade minister, and Mr Simon Crean, pri-mary industries minister,

1111 -

rights to unionise.

committee's 37 members, headed by Mr John Reed, Citi-corp chairman, is enthusiastic. Nafta's recognition of broad principles covering all services was an achievement hard to overstate, the report says. "Services" were defined "so that service businesses not now in existence will receive the bene-

exempt from export, import

See Commodities Page

with President Bush's pledge to use subsidies only against

the Europeans. Mr Kerin rejected the US

But sentiment among the

name Taiwan. Gatt members have now agreed that Taiwan will be known as Chinese Taipei, the name it uses for membership of the International Olympic Committee and Asian Develop-

claim that the EC was about to go into the Pakistan market with huge price undercutting. "Pakistan is not a significant market for the EC; sales were only 4 per cent in 1991-92. This is the first sale under EEP to Pakistan, a valuable market for Australia." Canberra would ask US officials to explain.

set for early Gatt entry

BARRING unforeseen hitches, Taiwan's application to join Gatt will be given the green light when the organisation's governing council next meets on Sentember 29.

Taiwan applied for membership of the 105-nation world trade body in January 1990 as an autonomous customs territory, the formula used by Hong Kong and Macao when they joined Gatt with China's agreement. But objections from Beijing, which has been negotiating since 1987 to resume China's Gatt place, have until now held up the formal decision to set up a working party to negotiate Talwan's entry terms.

Gatt developing-country members have been reluctant to bless Taiwan's candidacy without China's endorsement. Beljing left Gatt in 1950 after the Communists came to power and Taiwan was expelled when China took its DN seat in 1971.

Under the terms of an unwritten understanding reached last spring between China, the EC and US. China will rejoin Gatt before Taiwan is admitted, though possibly only minutes ahead. Trade officials in Geneva say the delay was due to legal wrangling over whether a customs territory could join Gatt without a country "sponsor" (Hong

Kong and Macao were spon-sored by Britain and Portugal)

and Chinese objections to the

ment Bank. Once a working party is set up, entry terms for Talwan could be drafted in 12 months, since Taipei has already moved to make its trade regime more compatible with Gatt rules. But Taipel may have longer to wait since Chi-na's membership bid is being held up by trade frictions with

An assault on EC agricultural subsidies is launched today, writes David Dodwell launches a two-year campaign to encourage "fair trade", with an assault on the European Community's highlight how Common Agricultural Policy linked with

(CAP), support for a "Fair Trade Mark" and a call for coffee-lovers to drink Cafédirect. The campaign will highlight how third world poverty is closely linked with entrenched and "exploitative" trading rela-tionships.

Christian Aid, along with other leading UK charity

groups, aims to persuade today's school-leavers to spend a bigger share of the 21m they are likely to earn in their working lifetimes on products that give third world producers a fair deal. It is backing the "Fair Trade Mark", which from January next year will pinpoint such products. It aims to encourage shops,

stock fairly traded goods, and customers to use their shopping baskets to ease third world poverty. The perfect example of a "fair trade" product is Cafédi-rect, a high-quality ground Arabica coffee bought directly

especially supermarkets, to

Rica and Peru. Instead of paying farmers the prevailing world market price for coffee, currently so low that it has swept many of the

from farmers in Mexico, Costa

The campaign will poverty is closely entrenched and 'exploitative' trading relations

world's coffee producers to des-titution, the charitable consortium, which has been selling Cafédirect since November last year, pays an agreed fair price. It commits itself to a long-term contract with demo cratically run farmers' organisations, and pays 60 per cent of the cost in advance, taking no more than 30 per cent of a farmer's harvest

A breakthrough is hoped for this autumn as the consortium negotiates for the Safeway supermarket chain to take Cafédirect nationwide. A trial currently involves 54 Safeway stores in Scotland.

Monthly sales of about 11,000 1/2 b packets, mostly through delicatessens, or health food and charity shops, would surge if this "fair trade" coffee were available on supermarket

Cafédirect campaigners model their hopes on the Max

Havelaar Foundation in Holland, which has over three years made a significant impact on the country's ground-coffee market. Unlike Cafédirect, it does not provide a branded coffee, instead putting its "fair trade" mark on coffees imported on fair trade

Drive to give third world farmers fair deal

Today it accounts for 2,800 tonnes of imports, up from 200 tonnes in 1968. Coffee carrying sales worth Fl 40m (£12.6m), about 2 per cent of the national market for ground coffee.

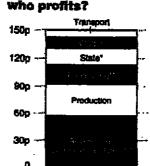
It is available in 90 per cent of the country's supermarkets. Only Douwe Egbert, the national leader in the coffee market, accounting for 45 per cent of sales, has refused to collaborate with Max Havelaar by using its mark.

Max Havelaar coffee has

become a market leader in Switzerland, is sold in Bel-gium, and is soon to be launched in Germany and France. The foundation plans to extend its mark to cocos and drinking chocolate in spring next year, according to Mr Bert Beekman, its spokesman.

Few would claim that Max Havelaar can be any more than niche product, mainly because it costs up to double the price of normal ground coffees. According to Mr Erich Muller, spokesman for Ahold,

A £1,50 jar of coffee: Who profits?



unce: Christian Act Holland's leading supermarket chain: "It's a special part of the public that is interested in the problems of the third world. For most, price is the most

But according to Christian Aid's Peter Madden, Cafédirect, like coffees carrying the Max Havelaar mark, has an importance far beyond its sales figures: "Cafédirect is not an answer to faults in the world trading system, but in campalgning terms it's a very effective way of getting people

aware and interested. Britain's leading third-world aid agencies have become increasingly aware in the past decade that aid alone can do limited good without reform to note that Ethiopia received during the femine year of 1985 a total of \$3bn (£1.58bn) in aid. But in the same year, the collapse in world prices for raw materials such as coffee and copper meant rich countries

paid \$19bn less for what they bought from Africa. They blame CAP subsidies for impoverishing third world farmers, because these effectively shut the EC market to third world exporters, and because of the scale on which surplus EC farm products are dumped on the world markets, often depressing prices below the costs of production.

Christian Aid will note today that a European cow receives twice as much in EC subsidies as the average income of

third world farmer.
Of more immediate relevence to the average European shopper is the fact that each family spends about £16 a week through higher taxes and food prices because of the CAP. which alone consumes 60 per cent of the EC's budget. Christian Aid argues that fair trade will benefit all, not just because a wealthier third world would provide a market for goods and services from Industrial countries, but because it would also lessen the global dangers of conflict,

Italians awarded \$1.7bn Japanese quit Malacca Iran gas field contract

By Robert Graham in Rome

SAIPEM, the engineering services subsidiary of ENI, the Italian state oil concern, and the private-sector Tecnologie Progetti Lavori (TPL), have been awarded a \$1.7bn (£890m) contract by the National Ira-nian Oil Company (NIOC) to develop the Gulf offshore

South Pars gas field.

The field, in the centre of the Gulf, abuts Qatar's North Dome gas field. The contract envisages developing 20 offshore wells, a gathering system for gas and condensates, six offshore platforms and 200km of underwater pipes. A gas treatment and condensate

plant will be built on land. Work is set to start at once with completion in 1996 and planned output of 1bn cu ft of gas a day and 50,000 b/d of condensates. Sub-contractors are Mitsubishi of Japan and Machinoexport of Russia.

The deal confirms the leading presence of Italian business in Iran and confirms the two sides have put behind them the long saga of debts due to Italy as a result of construction of the Bandar Abbas port under the late Shah.

The contract was signed in Tehran yesterday, in spite of rising tension over Iran's pres-ence on the disputed Gulf

oil refinery project

By Kieran Cooke in Kusis Lumpur

PETRONAS, Malaysia's state-owned oil company, has confirmed the Idemitsu Kosan company of Japan has pulled out of a venture to build an oil refinery near Malacca on Malaysia's west coast.

Idemitsu Kosan had a 40 per cent stake in the 100,000-barrela-day project, Petronas holding 45 per cent and Samsung of Korea 15 per cent. Idemitsu said the parties involved had falled to reach a project implementation schedule.

The refinery is a key element in Malaysia's plan to become a big exporter of refined petro-

leum products over the next few years. At present, it has four refineries with combined capacity of 220,000 b/d. Most of its refined oil goes to the domestic market. The Malacca project will refine imported crude for re-export. Its estimated cost, with another facilitv at the same site, is \$2bn \$2.4bn (£1.05bn-£1.26bn).

Mr Azizan Zainal Abidin Petronas president, said the Malacca project would be sub-ject to some delay due to the Idemitsu pull-out. Petronas was holding talks with a US group and several Middle East companies, with a view to forming a new partnership for

Toyota offshoot to make more car components

environmental catastrophe and

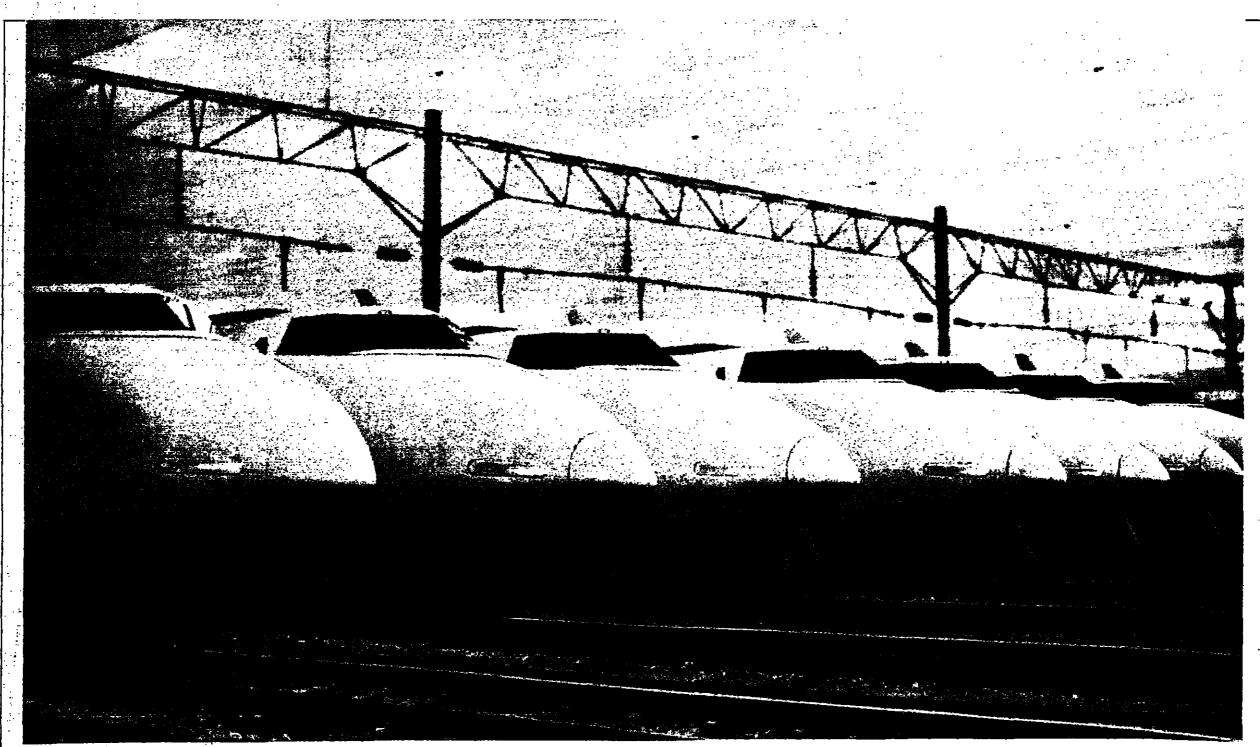
mass migration.

NIPPONDENSO of Japan has said its Barcelona-based Nippondenso Mfg (Barcelona) will raise its output of car electronic components in 1994,

Reuter reports from Tokyo. The Spanish unit, which produces 1m car engine ignition systems a year, will also have a yearly output of 100,000 electronic control units for use in engines and 50,000 for use in air-conditioning systems.

Investment costs for the new project will be Y2.4bn. (£10.2m). The products will be supplied to Toyota Motor's UK plant and Rover Group of

Toyota owns 23.5 per cent of



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Proton plans UK and EC expansion

PROTON Cars (UK), which imports Malaysia's national car to the UK and is part owned by the Inchcape Group, has acquired a new 30-acre import centre and distribution headquarters in Bristol with the capacity to handle 45,000 Proton cars a year - nearly three times its current sales

The importer, based near Birmingham, expects to be before the end of the 1990s as a result of production increases and a wider range of models on offer from the Malaysian manufacturer, according to Mr Peter King, the UK company's managing director.

Proton (UK) is trying to recruit a further 25 dealers to bring its UK total to 250, up from fewer than 160 at the time of Proton cars' UK launch about three years ago.

Mr King said yesterday that negotiations had begun on the possible launch of the cars in continental European markets within two to three years. The UK is currently the only European outlet for the

Proton cars, in which Malaysla's state industrial holding company has a majority stake, plans to increase production from 120,000 units last year to 250,000 by the mid-1990s. This will include the capability to build left-hand drive vehicles and a greater variety of models. Like the UK, Malaysia is a right-hand drive

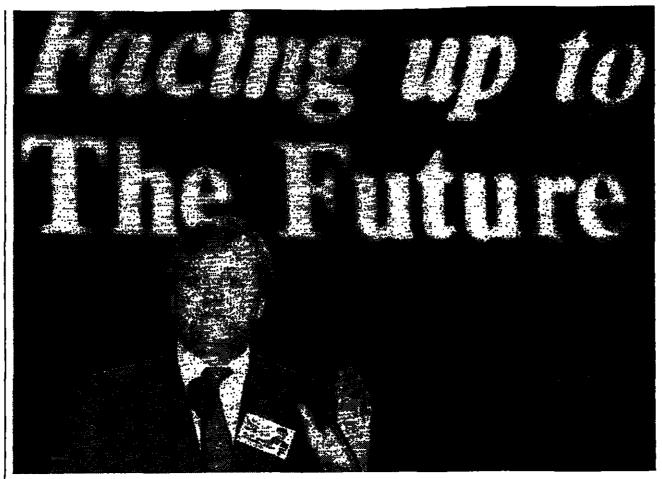
While the British company holds distribution rights for the Proton only in the UK, it believes it is well placed to extend its distribution role for the cars into continental Europe, particularly given the additional expertise now available to it through the Inchcape Group, the international trad-

Inchcape, which derives roughly half its income from worldwide vehicle sales and distribution activities, has been among the UK groups most actively seeking post-1992 single market opportunities on the continent. It has been doing so mainly through its Mann Egerton subsidiary.

Proton Cars (UK) is 60 per cent owned by the David Inchcape, 6 per cent by Mr King and 4 per cent by Mr John Miller, its finance direc-

Proton is one of the UK's fastest growing new car fran-chises. Sales rose from 6,555 in 1989 to 14.026 in 1991, with a projected 15,750 this year.

Mr King forecast yesterday that Proton's sales next year would rise to 17,550, increasing its market share, while the market was expected to remain constant at this year's heavily depressed 1.6m units.



Lib Dems split on Maastricht referendum

THE leader of Britain's Liberal Democrats, Mr Paddy Ashdown, has been forced to tone down his support for a referendum on the Maastricht treaty after the idea came under strong attack from within his own party.
Senior party officials at the

party's Harrogate conference said that a rebellion against Mr Ashdown's stance among Liberal Democrat MPs had forced the leader to agree not to promote the demand as party pol-

At what some officials described as an acrimonious meeting of the 20 MPs, who form Britain's minority third party, an informal deal was struck allowing Mr Ashdown to continue to voice support for a referendum when pressed, but constraining him from actively campaigning for one.

It is understood that more than half-a-dozen of the party's MPs, including Sir David Steel, the foreign affairs spokesman, have said that they would not back a plebiscite in any debate in the House of Commons. They argue that a referendum would undercut the party's commitment to representative democracy.
Mr Ashdown has argued for

a referendum on the basis that the constitutional implications of the Maastricht treaty - with its commitment to monetary union and shared decision -making on defence and foreign

policy issues - are sufficiently mportant to merit a popular vote. He believes that a national debate would isolate the minorities in the Conservative and Labour parties arguing against closer European

The Liberal Democrat leader also has argued privately that a referendum in which his party was campaigning alongside Labour politicians for a Yes vote would enhance the prospect of wider cooperation between the two opposition parties. Mr Ashdown has recal-led that the referendum in 1975 on British membership of the Community provided the springboard for the subsequent

Labour pact with the Liberals. But even some of those MPs who back the idea of a referendum are cautioning that party activists might well refuse to mount joint campaigns with Labour

 DEVELOPING the United Nations as a supra-national authority able to intervene in countries' internal affairs was the way to tackle the global problems since the end of the Cold War, Sir David Steel, the party's foreign affairs spokes-man and its former leader said yesterday, Alison Smith writes. Had the Liberal Democrats' proposal for a permanent UN peacekeeping force been adopted, he said, the organisation would have been able to have been much more effective in its efforts to bring peace to the former Yugoslavia.

Study alleges reluctance to crack computer crime

By Alan Cane

BRITISH business is shutting its eyes to the risks of unauthorised interference with its computer systems which may be costing it up to £2bn a year, according to a report.

The report, commissioned by the Department of Trade and Industry and published yesterday, says there is widespread ignorance of the Computer Misuse Act (CMA), passed two years ago to crack down on the growing problem of computer hacking". It adds there is a reluctance to use the law to pursue computer criminals.

The DTI study was carried out by Coopers & Lybrand, the management consultancy, with Cameron Markby Hewitt, the law firm. It set out to establish if the effectiveness of the CMA was being undermined by a shortage of information about computer misuse and a lack of expert advice to industry, commerce and the police for the pursuit of cases.

Hacking involves breaking into computer systems out of

fraud. Other computer crimes include programming "viruses" or "time bombs" software that subverts or dam-

ages computer systems. The report recommends measures to highlight the risks and costs involved in computer misuse and suggests the Home Office should consider setting up a national computer crime unit. It also proposes a directory of established computer security experts.

Mr Edward Leigh, the trade and technology minister, welcomed the report. He said the DTI had arranged seminars in London, Manchester, Bristol and Birmingham for later in the year to consult business about the wider implications.

Computer security experts said the study would raise awareness of security issues among firms. Mr Alan Stanley, of the European Security Forum, whose members include many of Europe's larg-est companies, said firms were unwilling to admit instances in which the security of their computer systems had been

impossible to compile a data base showing the extent or cost of computer misuse.

Tension for

Lib Dems

over pacts

MR CHARLES KENNEDY.

pictured left, yesterday urged Liberal Democrat activists to

cut through theoretical debates about deals with the opposition

Labour Party to confront instead the threat that the

Conservatives were becoming permanently entrenched in

government.
In a speech to the Harrogate

Conference, the president of

Britain's minority third party,

sought to defuse the tensions which have built up among

delegates over the potential for

He called for the Liberal Democrats to devote their ener-

gies to building an "intellec-tual framework which chal-

lenges the Tories' appeal to self-interest, but not in the

same patronising of paternalis-tic way". Mr Kennedy, who favours keeping open the door to cooperation with Labour at

some stage in the present par-liament, said the Liberal Demo-

crats should seek to become a

"catalyst" for reform in British

pacts with Labour.

By Philip Stephens

The report concludes there is no shortage of computer misuse experts, but their skills are under-employed because businesses find it hard to identify "reliable" suppliers of authoritative advice and prefer to deal with computer crime inter-

The CMA defined three new offences - unauthorised access to computer pro-grammes and data (or "hacking"), unauthorised access with further criminal intent, and changing the contents of computer programmes or data. Penalties range from a fine of £2,000 and/or six months in jail to an unlimited fine and five

years in iail. The study shows that a small group of large companies, chiefly in the financial sector, is fully aware of the risks. A larger group of smaller organisations sees little or no threat from computer misuse. Dealing with Computer Misuse:

inquiries to the DTL (44) 71 215

Bull. As many again are not

None of the 21 councils are

recognised.

Britain in brief



City may defend role in rates row

Leading City of London institutions were considering making a forthright statement in defence of unrestricted foreign exchange markets, because of concerns that the markets and dealers are being blamed for the inability of the UK Government to reduce

The Bank of England has been approached to join with the Corporation of London and leading banks in making a public statement that unrestricted flows of capital in foreign exchange markets are positive for the economy.

"Politicians are representing the free markets as a bad thing", said an executive involved in the discussions. "We fear that the general pub-lic blames the City for the country's economic problems."

Radio launch postponed

The Radio Authority, the regulatory body for commercial radio, has decided to postpone the launch of Britain's third national commercial radio station until the spring of 1995.

The delay is partly because of the recession but mainly, according to Lord Chalfont, the authority chairman, to allow "a kind of orderly progress in the development of the radio

1,400 coal iobs lost

British Coal will close Trentham colliery in Staffordshire, with the loss of 1,400 jobs, the company announced yester-

day.

The closure of Trentham. near Stoke-on-Trent, leaves only one pit, Silverdale, in the North Staffordshire coalfield. British Coal said the pit, which produced over 2m tonnes a year, but has lost £20m in the current financial year, had no future.

Ulster textile iobs boost

More than 500 new textile jobs are being created in Northern Ireland.

An Indonesian company is moving into a disused factory at Antrim to produce microfibre and although an official announcement is not expected before the end of the month authoritative sources in Belfast today confirmed the major project.

Top Ulster industrialists have been to Jakarta for talks to agree the investment, one of the largest in the province.

Negotiations between the Northern Ireland Industrial Development Board, the textile group Texmaco and the company's partner in the multi-million pound project - Eastman Chemical Company, a division of American photographic giant Kodak - have been under way for some time.

Private rents up sharply

The deregulation of the private rented sector has led to a sharp increase in the level of rents in England, according to

government survey. The latest Environment Department survey on private renting shows that the average rent for all tenancies in 1990 was £43 a week, compared with £30 a week in 1988. This 43 per cent increase followed the deregulation of rents on new tenancies in the 1988

Housing Act. Of the 1.6m private tenancies in 1990, 488,000 had been created following the 1988 Act. Rent levels for these new tenancies were much higher than the average for all tenancies: £66 a week on average for assured shorthold tenancies.

The survival of universal state

It is, says the report, no lonresents a well-targeted benesays the report, a case can be

made for spending most of the state's resources on the poorer minority. The report, by the Institute for Fiscal Studies is part of a wide-ranging examination of issues affecting older people co-ordinated by the Car-negie inquiry into the Third Age: from 50 years to 74 years

Code urged for green audits

Companies should be required to publish details of their envi-ronmental policies and their performance in meeting green objectives, a group of influential accountants and industri-

alists said yesterday.

The Stock Exchange and the Financial Reporting Council should consider formally encouraging companies to provide environmental information, according to a document published by the environment research group of the Institute of Chartered Accountants in England and Wales.

Row over Le Pen invite

Sir Norman Fowler, attacked Mr Tony Blair, the shadow home secretary, as the row over a right-wing pressure group's invitation to two prominent European neo-fascists to address a meeting in Brighton to coincide with next month's Conservative conference took a

The Tory party chairman



objected to remarks attributed to Mr Blair and published in a national newspaper. He said it was "regrettable" that a senior Labour politician should choose to exploit the "publicity-seeking antics of an extreme, anti-Conservative

He described Mr Blair's comments linking the invitation from a group called Western

as "entirely untrue." He said that neither Mr Jean-Marie Le Pen nor Ms Alessandra Mussolini, the two invitees, was attending the Conservative party conference. "No-one in Western Goals is known by Central Office to belong to our

Mr Blair said he was not suggesting that the Tory party itself had the pair. He urged the party to "use its best endeavours" to have the invitations cancelled.

Liquidity falls for companies

Company liquidity for big UK company liquidity for hig Uk manufacturing companies fell in the second quarter com-pared with the first quarter. According to the Central Sta-tistical Office the liquidity ratio for these companies fell from 119 per cent at the end of the first quarter to 112 per cent at the end of the second.

The ratio for non-manufac-turing companies rose. At the end of the second quarter it was 151 per cent compared with 145 per cent at the end of the first quarter and 140 per cent at the end of the fourth

quarter last year. Overall, liquidity for big industrial and commercial companies fell from 130 per cent at the end of the first quarter to 127 per cent at the end of the second.

Ruling close on perfumes

The Office of Fair Trading confirmed that its response to complaints about restrictive distribution arrangements in the perfume industry was

"It is one of a number of subjects which are going up to Sir Bryan [Carsberg] pretty soon and you may have noticed he arrives at decisions fairly snappily," the OFT said, referring to its newly-ap-pointed director general

The Superdrug chain, run by the Kingfisher group, lodged a complaint with both the UK and European Commission competition authorities earlier this year after several leading perfume companies refused to

supply the drugstore chain.
The European Commission said the matter did not fall within its remit but should be investigated by the UK competition authorities under the

Leaders say UK unions winning increasing share of EC funding multinationals, such as Pilk-ington. The European TUC cal-culates that there are 21 Eurocuss the setting up of Europe-an-wide works councils in mul-tinational organisations. The By David Goodhart, Labour Editor EC also supports various union organisations, such as the pean works councils recognised by employers, such THE European Community is giving about Eculom (£7m) a as those at Volkswagen and

year to British trade unions, according to UK union leaders. No precise figures on EC funding of trade unions are available, but Mr Glyn Ford, eader of the European Parliament's Labour group, esti-

mates that European unions receive roughly Ecu50m a year from the Community. Of this total, British unions are winning an increasing share, say union officials.

Some is earmarked for projects such as the UK unions' share of the Ecul4m set aside for a meeting of unions to disEuropean Trade Union Institute and the union-run Health

and Safety Centre in Brussels. In 1990, UK unions affiliated to the Trades Union Congress spent £420m, received £364m in subscriptions, and made up most of the shortfall from investments. Resources from the EC form a small part of union income but are growing in importance, especially in trans-European work.

in UK-based multinationals, in spite of the fact that 35 per cent of all companies that oper-

British unions, led by the GMB general union, are set for a new push to establish Euro-

ate in two or more EC countries are UK companies, and the bigger UK unions are now planning to change • The Co-operative Bank is to set up a European-style works

pean works councils in UK according to Personnel Today.

council, in spite of opposition from Bifu, the banking union

Leak of Dublin game-plan strains talks on N Ireland

By Tim Coone, Dublin

AN Irish government position paper on Northern Ireland was leaked yesterday, raising the stakes at round-table talks on the province's future which are due to resume at Stormont today, and drawing an angry reaction from the Democratic

Unionist party.

The paper confirms the Irish government's stated willingness to negotiate its territorial claim to Northern Ireland, but says important concessions will be required from Ulster's <u>unionists</u> in return.

Mr Peter Robinson, deputy leader of the DUP, said yesterday: "It is clear the message the Irish government wants to give is that it is digging in its heels."

He and the Rev Ian Paisley. the party leader, walked out of the talks - which involve the British and Irish governments and the four Ulster constitutional political parties - last week, saying that unless the Irish Republic "realistically addresses" its territorial claim to Northern Ireland, they will not participate further in the

negotiations.
The Ulster Unionist Party

Article 2. The national territory consists of the whole island of Ireland, its islands and the territorial seas. Article 3. Pending the re-integration of the national terri-

tory, and without prejudice to the right of the Parliament and the Government established by this Constitution to exercise jurisdiction over the whole of that territory, the laws enacted by that Parliament shall have the like area and extent of application as the laws of Saorstat Eireann (the Irish Free State) and the like extra-territorial effect.

leader, Mr James Molyneaux, has warned that the unionist parties will withdraw from talks in the coming weeks if there is no indication of progress on this issue. Both parties want the Irish government to commit itself to a referendum to amend articles 2 and 3 of the

republic's constitution. Mr Robinson said yesterday: "We cannot have any relationship with the Irish Republic while they have a territorial claim over Northern Ireland."

RISH CONSTITUTION'S KEY
POINTS FOR NEGOTIATIONS
Times yesterday published extracts from an Irish govern-The Dublin-based Irish ment position paper submitted to the talks on August 28. One extract says the Irish

government "does not rule out constitutional change resulting from the present negotiations" but adds that the Irish electorate will be "sensitive to the impact of any proposed amendment on the position of the nationalist minority in North-ern Ireland", whom it describes as "victims" of the Government of Ireland Act, which partitioned Ireland in 1920.

The extract goes on to say that if proposals for constitutional change were to "include changes to the Irish constitution, the strength and quality of the link between both parts of Ireland would be one of the important factors in shaping the judgment of the electorate in this regard".

The foreign ministry in Dublin commented that the talks were confidential and it was regrettable that there should be "continued leaks", which made it difficult for participants to reveal their positions. Yesterday's leak had "not come from Dublin sources".

OAP policy in question

old age pensions is called into question in the first of a series. of reports on older people in Britain.

ger the case that all pensioners are poor and a "state transfer to all pensioners no longer repfit." With private pensions forming the greater part of a majority of pensioners' income.

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The Docker would.

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Having made a fortune selling records, start an airline.

Kiss and not tell.

Work during Ascot week.

(Bu take a day off to go to your son's sports day.)

Carry a donor card.

Sell smils to the French.

Speak to foreign clients in their own language.

Appoint a woman managing director.

Take a bite on a barge in London Docllands.

Get our best artists to design our currency notes.

Tale his wife to dinner. In Paris.

Become a vegetarian but for a lifelong love affair with bacon sarnies. Sponsor drama, opera, the arts. (So long as they go on tour.)

Give a baby a cuddle, not a dummy.

Reverse the brain drain: hire American whizz kids.

Know where to find a bottle bank.

Make exploratory business trips to Eastern Europe.

Discover how easy it is to fly from London City Airport.

Use trainers to train in.

Rather talk to colleagues than write memos to them.

Take David Gower to India.

Drive an electric car.

Know how to open a can of beer when the ring pull has snapped.

Occasionally let children win at Snap.

Send grandparents' day cards.

Prefer to own a real painting by an unknown than a famous print.

Loop-the-loop for charity.

Never lose contact with a customer.

Or other companies' customers.

Know that 22 species of fish are to be found in the London Docks.

Queue overnight to get a seat at Wimbledon.

Encourage a child who wanted to be a drummer.

Share a bath to save water.

Make a short speech when winning an Oscar.

Forgive Bernhard Langer his missed putt to lose the Ryder Cup.

Know the saving in overheads by moving to London Docklands.

ir Adrian Cadbury, the courtly chairman of a panel studying corporate governance in the UK, caused a storm when he casually suggested that the days of multiple non-executive directorships were coming to an end.

Howls of protest emerged and Sir Adrian quickly explained that what he meant to say was that while holding several non-executive directorships could be a good thing, holding too many might make it difficult to do the job properly.

His remarks underscored a fact of life that those seeking to improve the performance of corporate boards have known for some time: the pool from which non-executives are selected is too small. Indeed, the expanded demand for non-executives means that a small number of individuals are being forced to wear

too many hats. increasingly, a handful of corporate insiders are called upon to do a job which really calls for an outsider. "If you confine the pool to those who are on the boards of other corporate plcs, they will have the same mind-set as those who are there already," Sir Adrian said.

The Committee on the Financial Aspects of Corporate Governance. chaired by Sir Adrian, has urged a much greater role for non-execu-The problem is not that suitable

candidates do not exist, but that companies have too narrow a notion of the kind of person who would fit the role.

BRAZIL over the meal -

information, a vital commodity in a

country of such instability. Conse-

quently the main item on the ver-

bal menu is fofoca - the latest gos-

sip from Brasilia. Will the

government announce another eco-

nomic shock plan? What are the

latest ways to make money from

inflation? Currently most in

demand over lunch are outrageous stories on the extent of corruption

in high places.

But amid all the rumours and

uncertainties, business people in

Rio do not lose sight of the plea-

sure of good food and, as a tourist

resort, former capital and one-time

centre of the Portuguese Empire,

Many of the restaurants in the

centre are dark and smoky, full of thickset men in square-shouldered

suits and dark glasses, huddled

together eating enormous steaks in

Rio has plenty to offer.

Janeiro may be well down the road to

decay but the art of

lunching is alive

and kicking. Deals are rarely made The Cadbury committee wants to see new faces among the non-executive directors of British companies. Norma Cohen investigates

Passing the hat round



'The problem is not that suitable candidates do not exist, but that companies have too narrow a notion of the kind of person that would fit the role'

Pro-Ned, the Bank of Englandbacked organisation that promotes non-executives, has a list of about 750 individuals who it says have all the characteristics to be good nonexecs but who are rarely asked. Bruce Rhodes of Pro-Ned says that roughly 100 approaches are made each year to Pro-Ned from companies looking for a qualified non-ex-ecutive but that only a handful are

actually selected from its list. The list is compiled from those who have sent in their CVs to Pro-Ned. For every five applicants, ProNed is only able to add one individual to its list. Rhodes said that the organisation sees little point in maintaining individuals on its list who are unlikely to fit the requirements of any company.

"It is natural for members of a team to look for others who will fit in easily," Sir Adrian said, delicately explaining why companies were so reluctant to broaden their horizons. Most boards, according to Pro-Ned, are unwilling to accept anyone who has never previously served on a UK corporate board.

Thus, an incestuous group of directors move from one company to another wearing, at various times, executive and non-executive

Rhodes notes that such practices mean that women are under-represented on boards. Meanwhile, Pro-Ned says that the

way in which vacant non-executive posts are filled usually ensures that the pool will remain narrow. Typically, a board chairman will ask other board members for recom-



Fewer than 20 per cent of all nonexecutive directorships are filled with the aid of an independent search party and, frequently, the outside adviser is none other than the company's investment bank.

Of Pro-Ned's list, roughly 5 per cent are academics and another 5 per cent are from the public or voluntary sector. Among its small number of successful placements of academics was that last year of Nancy Lane, a microbiologist at Oxford University who is now a non-executive director at medical

supply company Smith & Nephew. Rhodes points out that an individual who has had experience running, say, a large university, voluntary aid organisation or NHS hospital may have, in practice, been running a company larger than

many UK plcs.

Also on the list are divisional heads of some of Britain's largest companies such as British Petroleum and ICI that have a policy of encouraging such individuals to take on non-executive directorships.

But many on the list, with apparently suitable qualifications, are never evan approached. Chris Higgins, chairman of Bradford University Research - the university's commercial research arm - has been on Pro-Ned's list for five years and has never been interviewed.

A Cambridge University physics graduate and an expert in electronic systems, he was a non-executive director of food retailer Amos Hinton before it was acquired by Argyll. He had also been the director of Bradford University Business School.

Higgins said his name was put forward several times by Pro-Ned to companies seeking a non-executive but he has never been interviewed. When I was accepted on the list, Pro-Ned gave me a list of five categories that companies hate most. Military men, academics, management consultants, bankers and retired people." With his CV falling squarely into two of those categories, Higgins figures his chances are

Menu

Spicy crabmeat in shell

Stew of pig parts and black beans

Doce de coca

(milk, sugar-and coconut)

Cafezinho

(small, black

extremely sweet coffee)

kale, orange and manioc flour. Tra-

Why you should take asthma seriously



you have experience shortness of breath or persistent cough-ing or wheezing the first thing is to seek medical HEAT RICHBOX advice on begin-ing diagnostic

tests if your doctor has elimi-natedather potential reasons for the simploms - for example heart and vascular causes, lung diseas or branchial obstruction - and has said you have asthms the diagnosis should be

taken sriously.

The chdition, which is caused by mucs build-up, bronchospasm and inflammation, is potentialy life-threatening. You ned not forego an active lifestyle ust because of asthma, as manytop-flight athletes with asthmath conditions have dem-

With cre, you should be able to enjoy ermal sleep and nor-mal activity.

If your asthma is related to exercise, Hofesser Bryant Stamford, writing in the journal, The Physician and Sportsmedecine, offers some sound advice: exercise in wrm. humidified air (such as swimming pools); breathe thresh your nose; con-trol breathig to avoid hyperven-tilation; an follow daily and pre-exercise rescriptions as kild down by you'doctor.

Find out what exactly is triggering your stacks. While respiratory infections are among the most commonicauses of asthma attacks, allergins may include: ambient smoki and dust, mold, cold dry air, priumes, certain food ingrediers, enzymes in household cleanrs, environmental poliution an police.

Working close with your doc tor, controllingthe necessary environmental onditions and learning as muh as possible about your condion will enable you and your family to expect a full and ative life.

Dr Michael IcGannon The author is the milical director of the Insead Buiness Health COUTSE.

Sugarloaf for lunch on the road to Rio

Christina Lamb continues our series on business entertaining



Food with a view is on offer in one of the world's most beautiful cities

a conspiratorial manner. However, the newest place to be seen, called Grill One, is bright and airy, set on top of the city's most modern office block and reached by glass lifts with views over the port.

and one can wait an hour for a table, even with a reservation. Rio offers the ultimate vegetar-

It is crowded and vastly overpriced

ian nightmare in the shape of the rodizio - a restaurant where you can eat as much meat as you can stomach. Take your table and prepare to be attacked by a constant ouslaught of waiters holding enormous spear-like skewers bearing everything from chicken heart and

For something lighter try Mos-

towering above. sausages to filet mignon.

teiro in the shadow of the Sao Bento monastery, where seafood is more the order of the day. The speciality of the house is casquinha de siri, delicious spicy crabmeat inside a half shell brought to you while you peruse the leather-bound enus. As you sit down, the whitejacketed waiters have an alarming Rather more civilised is Maxims on the roof of the Rio Sul tower tendency to emerge from the walls in large numbers, almost as if they were about to start formation danc-

If food with a view is more to your taste in one of the world's most beautiful cities, then there are various choices in or near the centre. Rio's on Flamengo beach serves "international culsine" but, to compensate, has a splendid view across the bay to the palm-fringed yacht club with the Sugarloaf mountain

La Tour is possibly one of the world's most bizarre restaurants. Revolving on top of the city's largest tower it offers spectacular

views but be warned - the terrible creaking sound, variable speed and indifferent food, often produce a greenish hue in the faces of lunchers. Worse, the tables go round but the waiters and food trollies remain on the central plinth which does not move, so it can take several rotations to make a choice.

which reopened in 1988 after a first experiment led to bankruptcy. Rio's picture postcard scenery is spread beneath and the prices are far more accessible than Maxim branches in New York or Paris. Perhaps the best restaurant is

bled alley just behind the stock exchange. Salads and sandwiches have actually been seen here. But the biggest treat in town is the weekly feijoada, the Brazilian national dish. Originally slave food, it comprises a stew of pig bits

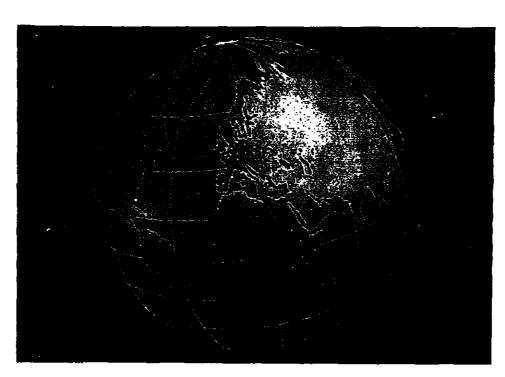
and blackbeans served with rice,

Santa Fe, hidden away in the cob-

ditionally eaten on Friday or Saturday, the best restaurants separate the ears and trotters from the nicer parts for those with a delicate Lastly and most importantly, do not expect to pay by credit card. With inflation running at 23 per

cent a month, plastic is only marginally more useful than Monopoly

ASK US TO GO FURTHER YET STILL BE CLOSE AT HAND.



THE WORLD BY AIR FRANCE IN 165 DESTINATIONS.





Andrew Jack argues that without approved guidelines, companies' environmental disclosures invite criticism

Style without substance

have been impressed when the company produced a "green book" earlier this year to accompany its annual report. But while the text gushed in 47 pages, one independent eye was rather more circumspect.

A statement at the end from Arthur D Little, brought in as independent consultants, or "verifiers" of the information in the report, said it was "impressed" by the company's "leading role in promoting environmental excellence".

But it added that the Body Shop still needed to assess areas such as the impact of its manufacturing wastes and pollutant emissions, and to develop a formal audit pro-

It stressed that it only examined one of the company's plants, that it did not conduct a comprehensive environmental audit, and that it did not validate figures quoted by Body Shop on issues such as raw material and energy consumption and waste.

The report raises both good and bad points in the emergence of envi-ronmental auditing. While a handful of companies are beginning to take the publication of their green impact seriously, the results can be disappointing and limited.

A survey earlier this month by Company Reporting, the Edinburghbased monitoring service of company accounts, showed that 23 per cent mentioned environmental information in their most recent annual report, up from 10 per cent 14 months earlier.

There has been a corresponding growth in independent consultancies to meet these new demands. Environmental Data Services, a green information organisation based in London, is about to issue its third annual directory of environmental consultants. Stewart Foxon, who has been co-ordinating the project, says he has heard estimates of more than 1,000 firms claiming to provide green advice.

His new directory, which is rather more selective in choosing "mainstream" firms, will list 350 consultancies employing more than 10,000 people and with an estimated turn-

TAX HAVEN REVIEW

The growth in environmental consulting in the last few years has been staggering. The first edition of the directory in 1990 listed 125 firms. Last year's contained 225 with a turnover of £200m. The new version will show that one third of the firms expect their turnover to

double within the next five years.
It will show that roughly 18,000 contracts were awarded to the consultancies in the last year. Most of the work related to contaminated land and water pollution. Environmental auditing alone represents a growing field, up from 5 per cent last year to 8 per cent.

s more companies lay claim to the green mantle in their annual reports and publicity material, a growing number of con-sultancies are emerging which offer data to fill the space. Quality can leave much to be desired.

The pressure to gather environmental information reflects rapidly growing public and political concern over the subject. This has given rise to a series of national and international legal requirements. Among the most significant are the EC guidelines on environmental impact assessment, first published in 1988, and the forthcoming packaging directives.

The voluntary Eco-audit requirements - which will require inde-

impact of a company's activities are due to be in place by 1994. Similar guidelines are being developed through British Standard 7750. All are beginning to have an effect on

the level of corporate green activity. Directors in some companies -notably the chemical sector - grit their teeth at the sudden obse with things green, however. Many have been conducting environmental audits for several years. The Chemical Industries Association has a well-established set of guide lines, for example.

The reason is often grounded in sound business management. Geoff Mills, a director of the Association of Environmental Consultancies, and head of consultants Gibb Environmental, argues that companies want both to recognise emerging problems - to stave off litigation or public criticism - and to identify areas in which they can take action

to save costs. "Environmental reviews are becoming an integral part of good management," he says. "The envi-ronment is becoming just another part of a business manager's legiti-

mate day-to-day concerns."

But there remains a fundamental problem over definitions, according to Martin Houldin, principal consul tant at KPMG Peat Marwick's national environment unit. He says activities described as "environmental audits" can range from internal environmental reviews or partial

SMALLER companies do not consider environmental issues significant according to a survey published this month by the consultancy arm of accountants KPMG Feat Marwick, writes Bronwen Maddox.

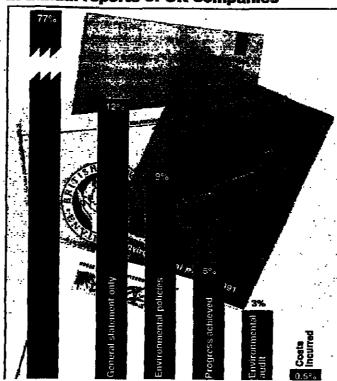
In KPMG's annual survey on UK business opinion, two thirds of the 324 companies interviewed said that environmental issues were not a trading issue last year, and 59 per cent said the environment would not be an issue for the forthcoming year. However 44 per cent of manufac-turing companies in the survey said they had been affected by green

rules, compared to 26 per cent in services.

Martin Houldin of KPMG commented that small companies were mainly affected by local authority rules rather than by national or EC environmental regulation. "The environment has been pushed down the agenda of many private companies by other factors such as the ion and exchange rates."

Although 12 per cent reported that sales revenue had risen, 39 pe cent said that profit margins were squeezed by interest charges and other cost increases. However the companies surveyed ranked the environment above the liberalisation of eastern Europe in importance for their trading.

Environmental disclosures in annual reports of UK companies



No disclosures

examinations by consultants, through to full independent verification of a company's activities.

The latter, he says, is rare. This is in large part explained by the focus of legislation. Most is focused on site-specific analysis: the impact of a particular plant or the changes brought to a unit of land as a result of development. There is little guidance for analysing the entirety of a company's operations.

The information which gets into the public domain is far more limited and less reliable still. The Company Reporting survey showed that only 11 per cent of businesses disclosed concrete information such as environmental policies or achievements. "The remaining 12 per cent publish statements which are general to the point of being virtually meaningless," it concluded.

That echoed the conclusions of a

survey of environmental reporting published by the Institute of Chartered Accountants in England and Wales at the start of this year. Many appear to be using environmental disclosures in the annual report primarily as a channel for public relations," it said.

It warned that the information was often partial - stressing "good" and not "bad" news that sometimes information from other sources even contradicted

that provided by the company.

Companies may be undertaking a wide range of activities behind closed doors. But little is made public, and a smaller proportion is a balanced or comprehensive attempt to describe the impact of a business'

operations. A tinier proportion still uses an independent firm to scrutinise this information and state whether it reflects the true picture. No systematic guidelines exist on how to undertake such reviews, or a consistent use of words which might be included in annual reports. "Conflicts can arise, especially over the commercial pressures when audit findings are not what the clients expected. There is a need for professional standards," says Mills.

That is why his association is introducing a system of accredita-tion and peer review. At the same time, the Institute of Environmental ent, which represents individual environmental consultants, is drawing up a registration scheme for its members.

Without compulsory disclosure of environmental information, companies are likely to receive growing criticism from outside observers Without independent, objective scrutiny from environmental auditors, the little information which is provided will remain suspect.

The green view on subsidiarity

By Colin Hines

how little coverage has been given to the environmental priorities of both the existing and proposed European Community. A key question governing effective environmental protection is whether the dogma of free trade should be allowed to continue to override national environmental concerns.

Greenpeace, the environmental group, has challenged this view, calling for changes that allow countries in the EC to take unilateral action to protect their environment even if they override the sacred objective of the freedom of movement of goods and services.

However, such questioning is not found in the Maastricht Treaty or the debate surrounding it. Instead, "subsidiarity" has been promoted as a key term since the Danish "no" vote. This has been brought to the fore in an attempt to calm those who perceive that Maastricht means the loss of sovereign control to Brussels.

Subsidiarity, put simply, means that action should be taken at a Community level only where it would be more appropriate than taking action at a national or regional authority level.

In order for environmental protection to become a basic goal of the EC, the principle of "subsidiarity" has to be harnessed to this end. "Green subsidiarity" would be defined as confining EC intervention to those areas where it will be more effective than national action in ensuring maximum protection of the environment.

Thus the EC would not be able to hinder member states from introducing more stringent environmental measures than the Community norm, regardless of whether it might be an impediment to some trade within the Community. The mechanism would also make the EC's harmonised levels of environmental protection a floor beneath which no member state's environmental standards would be allowed to drop.

Last month, for instance, France closed its border to German waste after the discovery that trucks which were supposed to carry household waste also contained syringes, bloodbags and other dangerous hospital waste.

ish government was warned by the trade and environment issues.

ith the French referendum on Maastricht imminent, it has been disconcerting stances was contrary to the proposed trade arrangements between itself and the EC.

Sweden wants to introduce a ban on the imports of products containing or produced with CFCs, HCFCs and other ozone destroyers. The Commission is concerned that these measures will be considered too stringent and would go further than

EC regulations.

On the other hand, there is the speculation that the UK government could use the principle in the opposite way to weaken domestic adherence to the restrictions imposed by the RC's Bathing and Drinking Water Directives.

The principle of "green subsidiarity" applied to these cases would mean that decisions would be made at the level which would ensure maximum environmental protection. Its use would allow France to maintain controls on the imports of German toxic waste.

It would also mean that Sweden's proposed bans on products containing, or produced by, ozone-depleting chemicals would not have to be watered down in order to ensure their right of passage into the European Community.

The UK, however, would not be allowed to retain its sorry title of "The Dirty Man of Europe" by using 'subsidiarity" as an excuse to drop its bathing and drinking water stan dards below those of the EC direc-

Allowing some member countries to go further than the EC norm would create new competitive pres sures in Europe and over time could be expected to lead to the ratcheting up of national standards. An additional impetus that might need to be considered would be to allow a country to set environmental conditions for access to its markets.

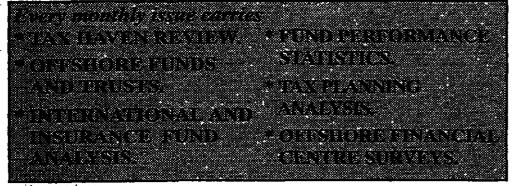
Regardless of whether Maastricht will need to be renegotiated, the European Community's major environmental problems will remain such a fundamental level.

"Green subsidiarity" thus provides the mechanism for ensuring both the maximum protection for the environment and the emergence of a group of nations which are constantly increasing their environ-mental standards.

Around the same time the Swed Colin Hines works for Greenpeace on

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FINANCIALTIMES

Stevenson to replace Stormonth Darling

Mercury Asset Management, is retiring in November after 14 years in the post. He is to be replaced by Hugh Stevenson (right), one of three directors in SG Warburg's investment banking division and the mastermind of MAM's public flotation in 1987. Stormonth Darling says that having reached 60, the "normal" retirement age of MAM directors, he will relinquish his post but intends to remain a non-executive director. His retirement has been planned since the turn of the year and, he says, is not in any way connected with the wellpublicised departure several weeks ago of Leonard Licht, deputy chairman and a star of MAM's fund management team.

Stevenson becomes the first chairman of MAM, Britain's largest fund management group, never to have worked as a fund

fund managers are not very good at managing businesses," he says. He had been a MAM board member and a member of its policy committee since 1986.

His main priority will be to "maintain the continuity of the business in terms of staff and strategy". Despite widespread press speculation of unhappiness within the ranks of MAM senior executives, Stevenson says that the group's entire management team is unchanged from that at flotation five years ago and that more senior executives have joined in recent months than have left.

Stevenson will be assisted by a new executive committee, consisting of deputy chairmen David Price and Stephen Zimmerman, Carol Galley, Nigel Hurst-Brown, David Rosier and Lord Cairns.



Non-Japanese to be an md at Komatsu

Komatsu, the Japanese construction equipment manufacturer, has appointed Keith Tipping as managing director of its Birtley plant

Tipping, 46, one of Komatsu UK's earliest recruits at Birtley in 1986, is the first non-Japanese managing director of a Komatsu manufacturing plant anywhere in the world. On October 1, he succeeds Toshitake Suketomo, who returns to Japan to take overall responsibility for Komatsu's recently formed International Division for construction equipment. Suketomo will also become non-executive chairman of Komatsu UK.

Tipping's appointment comes at the end of a difficult 18 months for Komatsu UK; the recession's impact on the construction industry forced the shedding of 80 jobs at Birtley and the plant made a £6.62 loss in 1991. But with the first UK-designed Komatsu excavators now in production at Birtley, Tipping believes prospects are becoming muchbrighter.

His appointment follows a restructuring of management roles following the departure in June of personnel director Clive Morton, now with Northern Electric. Tipping plans to continue Komatsu UK's commitment to community involvement – and its Japanese-style morning physical exercises for the plant's 350 employees.

Constructive careers



■ Farry Morrow (above) has been appointed director Scotland of EDMUND NUTTALL; he moves from Balfour Beatty for whom he has most recently been working in Singapore and

■ Philip Derbyshire,

previously contracts director,

has been appointed md of Westpile, a subsidiary of TILBURY DOUGLAS. Richard Jones is appointed financial director and Steve Whitehead develops director of BELLWINCH

HOMES. Bryan McCann, formerly md of SGB, has been appointed md of Briggs Amasco, part of TARMAC's industrial products

■ John Bower has been

appointed company secretary of GALLIFORD and Tony Betney and of Galliford (UK) Ltd. its construction division Christopher Arnison. property director of Midland Oak Group, has been appointed professor of rural economy and land management at the ROYAL AGRICULTURAL COLLEGE, CIRENCESTER. ■ Michael Lodge, formerly a director of Steetley, will become md of CASTLE CEMENT on the retirement at the end of the year of Leslie

🛎 Norman Turner, chairman of Intercity Property Group,

the largest shareholder in appointed md of Ossory. Christopher Spence, who joined the board in January, pecomes non-executive chairman, replacing John Walker who remains a director.

Andrew Smith (below) formerly of Tiphook, has been appointed md and Denzil Spencer deputy md of REDLAND BRICKS



Unilever shuffles responsibilities

Unilever, the Anglo-Dutch food and consumer products manufacturer, has announced a reshuffle of board-level responsibilities involving six

On January 1, Morris Tabaksblat will relinquish the chairmanship of the food executive, which co-ordinates Unilever's worldwide food operations, to concentrate on his work with the three-man special committee, the group's most senior decision-making

He will take over

responsibility for central and eastern Europe. He joined the special committee, the other members of which are Unilever's British and Dutch

chairmen, in May. Jan Peelen will become chairman of the food executive and will be succeeded as director for east Asia and the Pacific by Alexander Kemner, who is currently responsible for food operations in southern

Charles Miller Smith will succeed Kemner, Hans Eggerstedt, the commercial

director, will also take over Miller Smith's responsibilities as financial director.

Eggerstedt's responsibilities for Europe will be transferred to Michael Heron, who will continue as director in charge of personnel and external

Though Unilever gave no reason for the changes, it is understood that they are intended mainly to broaden top managers' experience and skills. All the directors except Peelen were appointed to their posts in 1989.



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new markets. But only if we're pretty sure we can do. a better job than the competition. We don't want to be the biggest. We do want to be the best. And for that, you have to create the right chemistry."

CREATING THE RIGHT CHEMISTRY



Television/Christopher Dunkley

A fair cop – in moral shades of grey

iven the brain dead-eming preponderance ter, our hero, Tony Clark, is a anomaly: for some reason it is eming preponderance married man and a womaniser credited with 26 hours 27 minening preponderance of television drama series about crime in the past 10 or 20 years - series about English lawyers, Scottish lawyers, American lawyers, private eyes, male uni-formed police, female uniformed police, male crimi-nals, female criminals, English detectives, French detectives, Dutch detectives, American detectives, police in cars, police in boats, police on motorbikes, even as a last resort police on foot - it seemed unlikely that we would welcome vet another police series. But quality will out, and if you come up with good ideas, good writing, good direction and good acting the milieu hardly matters. Between The Lines is yet another series about the Met, and very good it

When Tony Garnett last produced a series which dared to question the integrity of the British legal system (Low And Order in 1978) there was pandemonium: the BBC was banned from prisons for a year, the police demanded written undertakings before they would offer any more co-operation, and right-wingers roared about destruction of the fabric of British society. How things change. Today, with what we know about Stalker and the Guildford Four, the Midlands Crime Squad and the Birmingham Six, Garnett looks more

like a prophet than a rebel. The most impressive aspect of Between The Lines is that, although it inevitably shows British police forces as harbouring freemasons and racists, thieves and boot boys ("inevitably" because it is about an internal investigation unit) none of this is seen in black and white. Not only are we shown police arguing convincingly that breaking the only way of defeating the crooks, but the central charac-

and therefore an habitual liar. Indeed this is precisely why he has the job. Few television police series have the strength and intelligence to work consistently within realistic moral shades of grey as this one does, and even fewer then manage the vivid drama which is being achieved here. Those not watching yet can start on Friday with a typically ambiva-lent episode about a woman constable complaining of sexual harassment - by a black

C4's Terry And Julian looks like the nearest that television has ever come (whoops, sorry about the rude verb) to its own Carry On series. It appears to have been created as a vehicle for Julian Clary whose wrists are so limp they could serve as hammocks for gerbils. His last series, a soppy gameshow, was undisciplined and quickly became boring, but this one is scripted - "I want to see the back of you"/"You won't be the first". It should amuse those with a taste for English seaside innuendo of the unsubtle Max Miller variety.

There are still people, including media correspondents from national newspapers who should know better, claiming that television is experiencing "slide" and even a "slump" in viewing. What are they talking about? The most recent BARB figures are for the last week in August. They show average weekly viewing per person as 24 hours 43 minutes. That is seven hours up on the same week in 1983, six hours up on 1984, one hour up on 1985, two hours up on 1987, '88 and '89, three hours up on 1990 and one hour up on 1991. The only year in the past decade to record a higher figure than this year was 1986 when the last week in August was an

utes which is four hours more than any other week that summer. Some slump. People interpret figures any

way that suits them. After hearing a top Channel 4 executive gleefully deriding the sup-posedly "disastrous" ratings for the BBC soap opera Eldor-ado it was interesting to dis-cover that those same BARB figures record audiences of 6.9m and 6.7m for Eldorado's two episodes that week, a million more than any programme shown on C4. But to be fair, what was C4's top-rated programme? Some worthy effort for black viewers or feminists which could hardly expect a big andience? Not at all, such programmes do not even struggle into the bottom of C4's Top 30: for all we are allowed to know those series, which C4 makes such a song and dance about, may be getting no mea-surable audience at all. The top three slots on C4 are

filled by the soap opera Brook-side which manages about 5.5m viewers, and the rest of their Top 10 comprises three American comedies, two gameshows and two American movies, So much for being different and serving specialist tastes. In the same week BBC2's Top 10 included British programmes on travel sport natural history, gardening and cookery and Alan Bennett's splendid drama A Woman Of No Importance. That week BBC2 attracted 10.1 per cent of total viewing to C4's 10.3 per cent. It might be as well to keep this in mind next time C4 is held up as a shining example of what can be achieved out there in the market place. No one in the industry believes that C4 will be able to avoid competing even more flercely for audiences, becoming even more populist, once it has to start selling its own sirtime in competition with ITV next year.



Some of the cast of 'Between the Lines', the BBC's new series about the Met

could be more populist than its present Top 10.

British programme makers have often expressed pride in a system of public service broadcasting which permits "the right to fail", a pre-requisite if genuinely new ideas are to be tried. The question is, should viewers be subjected to these failures? Last week's 75-minute drams on C4, Gummed Labels. was, like so much "experimental" material, a triumph of style over content. There were venetian blinds and bright blue back-lighting, lots of suppos-edly clever lines ("Til tell you nothing!" "I already know nothing, nothing and I are close friends") bass sax on the soundtrack and, at the centre, where there should have been a plot or at least some thought, only a vacuum. As a student showreel indicating mastery of technique this could be useful.

But the mind boggles at what As public entertainment it was deeply irritating. Worse still was a BBC1 natu-

ral history programme called The Velvet Claw which, astoundingly, we were told was the first of a seven part series concerning ancient animals. The nastiest sort of modern animation was accompanied by a an embarrassingly pretentious script, favouring phrases such as "in a very real sense". The producers have made the famous old mistake of hiring a plummy voiced actor to read the words with the result that the voice-over sounds like Donald Wolfit showing off in a Victorian melodrama. After proving over so many years the superiority of having non-actors such as David Attenborough read their own scripts in conversational tones, what on earth does the BBC's Natural History Unit think it is up to producing stuff such as this? And having produced it, why

didn't anyone spot it before the poor old viewers were subiected to it?

A preview in a London cinema of Ridley Scott's 21/2-hour Columbus movie 1492 on Sunday morning showed it to be visually striking, powerfully atmospheric, strong on the minutiae of the 15th century, weak on character, and quite often boring. BBC1's 95-minute "Screen One" drama Disaster At Valdez on Sunday night, another piece of dramatised history, showed how superior television can be these days to even such "prestige" cinema projects. No doubt some of those involved in the notorious Alaskan oil spill will pick nits out of this television account of how the clean-up became a fiasco, but history will decide whether, as it seems, it is a broadly accurate account. It is certainly a compelling piece of

operatic stage. The Sperimen-tale could hardly have had a happier launching. Chosen by a severe competition, Spoleto singers continued to maintain a surprisingly high level: in 1950 came Gian Giacomo Guelfi and Antonietta Stella. Then came the discoveries of Anna Moffo, Franco Corelli, Anita Cerquetti, Gabriella Tucci, Renato Bru-

But after several decades of glory, the Sperimentale fell on hard times. With the death of Belli, the direction faltered and the accord with the Rome Opera lapsed. In the past few years, under the artistic direction of the Roman critic Michelangelo Zurletti, the organisation has been assaying new directions, with mixed, but still encouraging results. Last year, an experimental Norma was unmitteated disaster, so this year's opening ner Blut in Italian – hardly prompted an immediate trip to Spoleto. But then when the second offering. Un ballo is maschera, was announced, the idea of hearing a great opera with young artists made the journey seem worthwhile. And though the cast was extremely uneven, the performance was, on the whole, enjoyable; and there was the satisfaction of hearing three young voices in the three female parts -

distinct promise. The casting also suggests the current state of Italy's vocal resources. Among the six winners of the 1992 competition there was no tenor. Even last year, when two tenors were elected, for the Pollione the organisation called on Mario Leonardi, a winner from a few

Spoleto In the early 1950's, when Gian years back. He returned this Carlo Menotti was seeking a

Opera/William Weaver

The 'Other'

home for his arts festival, he

visited a number of small

towns in Tuscany and Umbria:

it had to be isolated, but within

reasonable distance of Rome or

Florence; it had to be beautiful,

with an attractive theatre. He

had almost settled on Todi, but

then a friend took him to the

historic, little-visited Umbrian

city of Spoleto and Menotti's

Festival of Two Worlds had a

An important factor in his

decision was the presence

there of two working theatres

the charming Teatro Caio Mel-isso, and the larger, 19th cen-

tury Teatro Nuovo, in perfect working order. Menotti soon

learned that his would not be

the only festival in the city; he

had been preceded by the Tea-

tro Lirico Sperimentale, an

organisation created by an

opera-loving Spoletino lawyer, Adriano Belli, It was largely

through Belli's efforts that the

Nuovo was in such good

repair, and his Sperimentale

had already attracted the attention of key professionals

in the Italian operatic world.

Founded to afford an oppor-tunity for debutant artists to

perform in a professional situa-

tion, the Sperimentale sup-

ported its youngsters with vet-

eran conductors and producers

from the Rome Opera, comple-

mented by the Rome orchestra

and chorus. Sets and costumes also came from the Rome

house. In the cast of the inau-

gural performance of Don Pas-

quale were the tenor Cesare

Valletti and the baritone

Rolando Panerai, neither of

whom had yet appeared on the

year as Riccardo, and has not improved. His performance seems to indicate that voice training in Italy is in big trou-ble. The natural instrument has volume and range, a clear ring, but Leonardi has little notion of expression, the sound is produced as if at random, pinched one moment, blaring the next. Yet, despite these glaring defects, since his first Spoleto appearance he has sung in a number of provincial houses, including the excellent Teatro Verdi in Trieste.

The baritone, Demetrio Colaci (Renate) is also a winner from an earlier competition (in 1988) and has sung in Palermo's Teatro Massimo and in concert. Tall and imposing, he has a large and agreeable voice, but also lacks expression and has serious trouble with pitch. One is tempted to think also that the reason for the decline in quality among the Spoleto winners is that nowa-

The Sperimentale gives young singers the chance to

> perform in a professional

situation

days a truly gifted young male singer is not likely to encounter much difficulty in finding a theatre that will hasten to sign

him up. Perhaps it is harder for sopranos and mezzos; certainly, the three debutantes in Spoleto made a much stronger case for themselves than the two males. The part of Ulrica does not give its interpreters much room. Daniela Ciliberti, young and handsome, made an immediate visual impression; nerves, however, diminished her vocal power at first. But soon she relaxed and revealed that, in addition to interpretative insight and musical taste. she possesses an instrument that, without being huge, carries well. The Amelia - Clau-dia Pallini - also began somewhat shyly, but by the end of her aria she too had gained confidence, and improved steading from then on. Next month she will be a finalist in the Pavarotti competition in

Lucia Scilipoti, though she looked the youngest member of the cast, made her professional debut in 1990 and has also participated in various contests with some success. She was a sweet, true Oscar, singing hon-

estly and effectively. Borrowed from the Cagliari opera, the production was mostly acceptable, though there were some deleterious mimes here and there and some idiotic scenery. At the last minute the scheduled conductor was replaced by the chorus master Carlo Palleschi, who did an excellent job. Perhaps because of his presence the chorus - an Umbrian group called Umu-Sintesi sang out splendidly. The Budapest Chamber Orchestra was better than serviceable. The Teatro Nuovo drew as big a crowd as any of Menotti's gala events does, and it was a good deal more attentive.

Theatre/Malcolm Rutherford

It Runs in the Family

Ray Cooney outdoes even Lord (Jeffrey) Archer in his versatility. Not only has he bought the Playhouse Theatre from the former Tory MP and writer who found it did not make money. Cooney has opened it with his own play, directs it and acts in it as well. Indeed, his acting is so good that it helps to explain why he writes such splendid farces.

It Runs in the Family may not be quite the best of them. but you would have to be in the most churlish mood not to enjoy it. The piece ought to have opened at Christmas, for it starts with "Jingle Bells" and has the doctors and nurses of St Andrew's Hospital, London rehearsing for the annual pantomime. Snow is seen falling through the famous Coonev windows which, as so often, are set centre stage and bound to play a prominent part in the action.

Yet never mind that it is still only September. The coach parties have already begun to arrive in force and although this may not be a play to arouse gales of laughter, it is strong on the steady chuckle. The pantomime turns out to be only a sideshow. The real business is the annual Ponsonby lecture to be delivered by the neurologist, Dr David Mortimore (John Quayle) before the junior health minis ter and neurologists from all over the world. The trick, as the hospital governor explains, is not to plead abject poverty, because that would fail to impress the foreign visitors, but to persuade the minister

In practice we never get that far. There are interruptions all along the line, beginning with the arrival of Nurse Tate (Sandra Dickinson), an old flame of 18 years ago, who reveals that she has Mortimore's son, a distinctly punk youth demanding to meet his father for the first

that the place needs more

money.

From then on it is the customary fim and games. Mortimore has a wife from whom who develops an astonishing



Ray Cooney, Windsor Davies, Jacqeline Clarke, William Harry and John Quayle

the facts must be concealed. One of Cooney's techniques is to allow one lie to lead to another until there is multiple confusion and nobody knows who is who. He does this time and again, and the pace seldom fiaes,

The characters are stock: an old man in a wheel chair (per-fectly played by Henry McGee) new lease of life and has fun with a soda syphon; Matron (Jacqueline Clarke), hard on the surface but soft underneath, and an old fashioned police sergeant in Windsor Davis. There is even a part for the veteran Doris Hare.

The windows come in when it looks as if the punk youth (William Harry) is about to fall from the outside ledge. Matron

and doctors hang on to him. A slight criticism is that, seen from the stalls, there is not much sense of vertigo. The main pleasure of the

evening comes from Cooney himself. He plays Dr Bonney, not a high flyer and certainly not the sort of man to be invited to give the Ponsonby lecture. Watch how he knows his deficiencies, the way he 4401)

wears his jacket, the expressions on his face even when he is not in the forefront of the action. This is the performance of a man who knows that farce is a very high art. Cooney enjoys every minute. By Christmas, the production should be even better.

Playhouse Theatre (071 839

INTERNATIONAL

■ CHICAGO CHICAGO SYMPHONY

ORCHESTRA The orchestra's 1992-3 season begins tomorrow evening in Orchestra Hall with a Brahms programme conducted by Daniel Barenbolm, repeated on Fri, Sat and next Tue. Martha Argerich is piano soloist in a Richard Strauss programme later next week, and Isaac Stern is violin soloist in a programme on Oct

1, 2 and 3 marking the 80th birthday of Witold Lutoslawski. Neeme Järvi and Erich Leinsdorf conduct most of October's concerts, and Georg Solti returns in November (435 6666). LYRIC OPERA The new season begins on Sat

with Rossini's Otello, in the production by Pier Luigi Pizzi first staged at the Pesaro Rossini Festival. Donato Renzetti conducts, with Chris Merritt in the title role (eight performances till Oct 13)... The next production is Elektra

starring Eva Marton, opening on Sep 29 (332 2244).

■ HAMBURG

The new season at the Staatsoper begins tonight with Simon Boccanegra, with a cast including Bernd Weikl, Evgeny Nesterenko and Daniela Dessi (repeated on Sat and next Wed). Sun: Der Rosenkavalier with Kiri te Kanawa and Kurt Moli (351721) Ute Lemper is Lola in The Blue Angel at the Deutsches Schauspielhaus. The work is a musical revue adapted from Heinrich Mann's novel Professor Unrat by Peter Zadek and Jerome Savary. Daily except Mon till Oct 4. Eva Mattes sings Lola in next reek's performances (248713) Thalla Theater opens its new season on Sat with Coline Serreau's play Hase Hase (322666).

■ MUNICH

OPERA programme in Munich's other with the Rennert production of Le nozze di Figaro (repeated On Fri at Gastelg, Adam Fischer conducts a concert performance and Sharon Sweet (repeated on Sun, next Wed and Sun In Prinzregententheater). Sat, Mon and next Thurs in Prinzregententheater: Hildegard Behrens is soloist in an opera

concert conducted by Ralf

Weikert (221316).

Philharmonic and Celibidache JAZZ

Due to the closure of the National Theater for repairs, the Bavarian State Opera is giving a restricted theatres. The season opens tomorrow in the Cuvilles-Theater of Don Carlo, with Lando Bartolini

CONCERTS On Sat at Gastely, Michael Tilson Thomas conducts the London Symphony Orchestra, with Viktoria Mullova soloist in Mendelssohn's Violin Concerto (346620). Sun and Tues at Gasteig: Sergiu Celibidache conducts the Munich Philharmonic in works by Roussel, Debussy and Ravel (48098 614). Mon at Herkuless

der Residenz: Alfred Brendel plays Beethoven (983898). Next Wed at Gasteig: Andre Previn conducts the Vienna Philharmonic (983898). Sep 25 and 26: Arturo Benedetti Michelangeli plays Schumann's Piano Concerto with the Munich

Munich's annual lazz festival runs during the next four days at the Olympiapark and in the Allotria and Unterfahrt lazz clubs. Among the guest artists are Jenny Evans and the Walt Disney project, Bud's Pearls, Ai Porcino Big Band, Hermann Breuer's Blue Bone, Carolyn Breuer and Carlo Mombelli's Abstractions. Music every evening from 19.00 (3067 2424).

OKTOBERFEST Munich's annual beer and folklore festival opens on Saturday with the traditional street procession at 11.00 to the Theresienwiese, followed by a folklore programme at 20.00 at the Circus-Krone-Bau, Marsstrasse 43. Among other highlights of the weekend programme are a Sunday morning procession through the

city centre. The festival runs till October 4. Tickets from Veranstaltungsdienst Mayr, Poccistrasse 8 (725 8095), For the folklore programme on Sat evening, tickets are available at Circus Krone (558166) or Klosk Marienplatz (229556). For general information about the Oktoberfest, contact the tourist bureau at Sendiinger Strasse l (23911).

A selection of theatre and concert tickets is available at Konzertkasse Back on the fourth floor of the Beck department store at Marlenplatz 11.

■ NEW YORK MUSIC

Avery Fisher Hall 20.00 Kurt Masur conducts the opening concert of the New York Philharmonic Orchestra's 150th season: works by Bernstein, Prokofiev and Richard Strauss. with soprano soloist Kathleen Battle. Tomorrow, Fri, Sat and next Tues: Masur conducts symphonies by Schubert, Mehul and Beethoven (875 5030). THEATRE

The Real Inspector Hound and The Fifteen Minute Hamlet: Tom Stoppard's comedy about a pair of drama critics who attend a performance of a traditional, worn-out British thriller. Preceded by an equally funny prologue taking the form of an anthology of gems from Shakespeare's play (Criterion Center, Broadway at 45th St, 869 84001 Five Guys Named Moe: the guys

are black dancers and singers

of ability and spirit, who perform the songs of the late Louis Jordan (Eugene O'Neill, 230 West 49th St, 239 6200). The Best of Forbidden Broadway: Gerard Alessandrini's long-running, ever fluctuating musical revue (Theatre East, 211 East 60th St, 838 9090). Guvs and Doils: a lively production of Frank Loe

musical (Martin Beck, 302 West 45th St. 239 6200). Jelly's Last Jam: the music of Jelly Roll Morton, self-proclaimed inventor of jazz, mixed with an unsparing delineation of Morton himself (Virginia, 245 West 52nd St, 239 6200). Jake's Women: Alan Alda is at

his best in Neil Simon's new play about an ageing writer trying to come to terms with the women in his life, past and present (Neil Simon, 250 West 52nd Street, 307 4100). Ticketmaster answers inquiries and sells tickets for Broadway

shows (307 4100) and rock/pop concerts (307 7171).

■ ROTTERDAM

Vassili Sinaiski conducts the Rotterdam Philharmonic Orchestra in an all-Tchaikovsky programme tomorrow and on Fri in De Doelen, with Maxim Vengerov soloist in the Violin Concerto. The programme is repeated on Sat at Groningen (413 2490).

■ STOCKHOLM

OPERA/BALLET John Neumeier's ballet A

Midsummer Night's Dream can be seen tonight at the Royal Opera. Tomorrow: Suppe's operetta Boccaccio. Fri and Mon: Ingvar Lidholm's new opera A Dream Play. Sat and next Tues: Tosca, Oct 3: concert performance of Tchaikovsky's Mazeppa. Oct 13-17: guest performances by Finnish National Opera (248240) CONCERTS

The Johann Strauss Ensemble of Vienna gives tonight's concert at the Konserthuset. Tomorrow and Sat afternoon; Paavo Berglund conducts the Stockholm Philharmonic Orchestra in works by Mozart, Wagner and Sibelius, with soprano soloist Margaret Price. Next week's concerts are conducted by James Loughran. Oct 20-25: Baltic Festival, including concerts by orchestras from Lithuania, Latvia and Estonia (244130). Tomorrow and Fri at Berwaldhallen: Elise Ross sings WellI's Seven Deadly Sins in a Swedish Radio Symphony Orchestra concert conducted by Esa Pekka Salonen (784 1800).

■ UTRECHT

Tomorrow at the Vredenburg concert hall, Valery Gergiev conducts the Netherlands Radio Philharmonic Orchestra in works by Rimsky-Korsakov, Glazunov and Rakhmaninov. Sep 26: Walter Weller conducts Beethoven and Brahms. Sep 27: Gunther Herbig conducts the Hague Philharmonic. Sep 29: the Dubliners (telephone

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0900-0930 World Business This Week - a joint FT/CNN production 1900-1930 World Business This

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex; 922186 Fax: 071-407 5700 Wednesday September 16 1992

The limits of force in Bosnia

THIS WEEK'S UN decision to authorise the dispatch to Bosnia of an additional 6,000 troops is a fitting, if belated, response to the prospect of a humanitarian calamity in the former Yugoslav republic this winter. Given the fullest commitment of food, medicine and other aid to the UN High Commissioner for Refugees, the reinforcements should permit a quickening of the Bosnian relief effort in com-

But it is important that the governments whose troops are now to be placed in the firing line recog-nise both the risks that such an operation entails, and the limits on what it can achieve. In particular, those responsible should be explaining their objectives much more clearly to their own electorates and to those caught up in the conflict. Without such clarity, there is a real danger that the western military forces protecting aid convoys could be sucked into a Lebanese-style quagmire, incurring heavy casualties and facing a choice between still heavier inter-

vention and a humiliating retreat. What, precisely, is the international community trying to do in Bosnia? That there is confusion is scarcely surprising given the complexity of the conflict, the seriousness of the mistakes committed by western governments over the past year, and the profound reluctance with which they have now

become more directly involved. But the question needs answering. Is the UN moving, as is being claimed in some quarters, from peace-keeping where there is no peace to keep, towards peace-making? If so, it is certain to fail. The level of forces now being committed will not suffice to raise the sieges around Bosnian towns or provide safety for for the 2m refu-

bring the UN any closer to an ability to force the parties to stop fighting. A protectorate in Bosnia would require tens of thousands more troops, a commitment which neither western public opinion nor the hard-pressed UN is prepared to contemplate. The 15,000 UN troops in eastern Croatia are themselves over-stretched in keeping a peace to which the parties to the conflict have grudgingly agreed. In Bos-nia, no such will to stop the fighting is yet discernible. Any extension of the UN's mandate permitting foreign troops to do more than defend themselves if attacked would rob them of the perceived impartiality which they need to carry out their job, and expose them to greater danger. It

ing Geneva peace talks.
Under such circumstances, the UN should go out of its way to draw a distinction between its military protection of humanitarian aid efforts on the one hand, and its efforts to restrain the fighting (for example, by placing all heav) weapons under UN control) on the other. Both activities - one under the UNHCR, the other overseen by Lord Owen and Mr Cyrus Vance, the EC and UN mediators - will need more manpower and resources. They will also have to be accompanied by an intensification of sanctions pressure on Serbia, and by the dispatch of more observers to Bosnia's borders to stem the flow of weapons

might also jeonardise the continu-

from Croatia and Serbia. Even determined action on all these fronts scarcely offers a prospect of rapid progress. The govern ments now preparing to dispatch troops had better be ready for a long haul, and concentrate in the short term on doing what they can

Pension benefits

IN THE search for ways of scaling back the UK's bloated public expenditure plans, one part of exchequer spending which appears sacrosanct is that spent on state pensions. The Conservative election manifesto promises to increase state pensions in line with prices. Yet as today's report by the Institute for Fiscal Studies makes clear, the state pension is ripe for review. With 10 per cent of public expenditure going on the basic state pension, the wisdom of forever uprating this universal

flat-rate benefit is questionable. Already the state pension is declining in importance. It now provides less than half the income of the 65 to 74 age-group. Income from occupational pensions and investments is rising, and personal pensions will add further to this in the future. The indexing of the pension to prices has reduced its relative value from 20 per cent of male average earnings in 1977 to 15 per cent today. If it continues to be revalued in line with prices. its value is likely to fall to just 7 per cent of average male earnings by 2050.

One response would be to increase the pension by more than the rate of inflation to restore its value relative to earnings (as the Labour party promised to do at the last election). The IFS report points out that it would require substantial tax increases to fund such increases over the coming

years as the proportion of the population over retirement age rises. More important, since not all pensioners need such increases, it would be a poorly targeted transfer of resources. The state pension remains important for many, especially older, pensioners who retired with little else by way of income. But for a growing minority of the wealthier pensioners the state pension is a small and relatively insignificant part of their income.

The alternative is to put any increase in the pensions bill entirely into benefits targeted on poorer pensioners. The govern-ment has already moved in this direction in the last Autumn Statement with increases above the rate of inflation in meanstested income support for pensioners. While there are problems in the take-up of means-tested benefits, more imaginative use could be made of Inland Revenue and social security records to encourage those needing such help to

Such a strategy would be within the spirit of the manifesto commitment, provided the overall pen-sions bill was increased in line with inflation. And it would begin a process of directing benefits to those who need them most in a way that would later permit a sions in the light of changes in the UK economy and society.

Nuclear reaction

WESTERN GOVERNMENTS are not yet taking seriously enough the threat of an accident at one of the 58 nuclear reactors in the former Soviet Union and eastern

The G7 summit in July failed to agree a \$800m multilateral programme to pay for the most urgent safety work. The seven passed the problem on to the 24 OECD countries, whose nuclear experts and civil servants are in Brussels this week trying to patch together a coherent programme from the paltry \$300m worth of bilateral aid announced so far. But the G24 meeting is not at a sufficiently senior level to take the

decisive action required. Unfortunately, western leaders see nuclear safety as a technical issue which they can leave to their technical experts. It deserves much higher priority than that. Another Chernobyl-type accident would be an environmental catastrophe and would almost certainly deal a fatal blow to the nuclear

industry worldwide. Apart from some EC-funded emergency work at Kozloduy in Bulgaria, little has been done yet to tackle even the most urgent safety problems. Nuclear officials in eastern Europe are understandably exasperated that interminable discussions with western experts have yielded such limited practical assistance. With energy in short supply, they have no

running every available reactor, whatever its safety level. So the Ukraine will reluctantly restart two units at the crippled Chernobyl plant.

The immediate priority is to end the bureaucratic delays that have held up even the very limited funds announced so far. Then western governments should launch a new political initiative to set up a multilateral nuclear aid programme to fill in the large gaps between the bilateral schemes. The European Bank for Reconstruction and Development and the World Bank would play a central role in funding it.

At the very least, the most dangerous reactors - 15 Chernobyltype RBMKs and the 10 oldest VVER230s - require new hard-ware such as back-up generators, computerised control rooms and fire barriers.

The Russians - inheritors of a proud but flawed tradition of nuclear engineering - are deter-mined to keep their reactors running into the next century, whether or not they receive west ern help to make them safe.

Another limited nuclear incident, such as the one last March near St Petersburg which aroused a temporary surge of western political concern about Soviet reactor safety, would bring the issue back to the prominence it deserves. A sense of urgency is required if something is to be done before there is another Chernobyl.

he scene opens in a hardened aircraft shelter, somewhere in Europe, sometime after the year 2000. Computergenerated images of an aerial combat mission, by an anonymous air force fighting an unidentified enemy, zoom across a semi-circular screen. The stomach lurches.

The flight simulation is a promo-tion for the European Fighter Aircraft, a £20bn project now caught in a limbo between reality and fiction. Britain, Germany, Italy and Spain have been working in earnest on the project for seven years. Two prototypes are nearly ready. More than £5bn has been spent. But it is now more uncertain than ever what form the aircraft will take, whose air force, if anybody's, will fly it and when.

Germany no longer wants the aircraft it helped design. The other partners want costs cut. The Italians are already thinking they may be forced to buy something else. Spanish support hangs by a thread.

EFA should have made its maiden flight six months ago. It would have been the belle of the ball at the Farnborough air displays which closed on Sunday. In the event, it was the wallflower.

Outside the projection room where hundreds queued to see the flight simulation stood a forlorn mock-up of the aircraft. Instead, visitors watched live displays by the latest MiGs and Sukhois - the fighters that EFA was designed to take on. They also saw smaller European rivals of EFA's generation, Sweden's Gripen and France's Rafale, both resembling EFA with their delta shapes and small forward "canard" wings.

The manufacturers say technical hitches linked to some of EFA's computer-driven systems have been mostly overcome. But the politics of reunified Germany have given the whole project such a buffeting in the last few months that plans to have aircraft in service in 1998 already appear unrealistic.

A first flight is still scheduled this year. But the first prototype is German, and it is uncertain whether Mr Volker Rühe, the German defence minister, will want the flight to take place.

Germany has said it will stay in the £8bn development programme but not proceed with production of the current EFA design. British officials have ceased to entertain hopes that Bonn might accept a modified version of EFA as it exists, with a lower price tag and the option of a special-edition German model.

Mr Rühe, a prospective future candidate for chancellor, has overruled his air force. EPA supporters within the government and the German defence industry. His rejection of EFA, as too expensive and geared too closely to the needs of the cold war, was a clear political calcula-

In most of Germany, the fighter - known there as the Jäger 90 had become irredeemably unpopular. Any chance of making Germans identify with the project was undermined by a perception that the British bullied their way into industrial leadership of all the main elements of the programme, including the radar and electronic warfare systems. Some were already calling "the British aircraft".

The unwelcome surprise that Mr Rühe sprang in June was his pro-posal, not just that Germany withdraw, but that Europe should go back to the drawing board and make something different cheaper, lighter and later.

While discussions continue between the partners, they seem to

The wrangles over the £20bn Eurofighter are symptomatic of a rough phase in defence collaboration, says David White

EFA – that queasy feeling

EFA: destination unknown



Air forces of UK, France, Germany, Italy and Spain agree outline "staff target" for a joint fighter France drops out over specifications for aircraft

UK, Italy and Germany give go-ahead for development, Spain follows Angio-German row over EFA radar settled in favour of British Ferranti-led system

Eurofighter and Eurojet consortia formed for EJ200 engine

Germany sets up parliamentary review committee Four nations' air force chiefs confirm their commitment to EFA Germany withdraws from production plans, proposes lighter alroraft

Defence chiefs told to review requirements

Germany claims Spanish and Italian support for concentrating on lighter elicitati.

be talking at cross-purposes. Two sets of studies are due to be completed by late October. The first is by defence chiefs, who have been told to re-evaluate their operational requirements. The second is by the two main industrial consortia involved the project - Eurolighter and the engine grouping, Eurojet and is intended to identify cost

Britain, in its confidential long-term defence plans, is understood to have budgeted for a price of about £30m an aircraft at 1991 prices, excluding development and support costs. Eurofighter hopes to cut costs through a redistribution of work and more use of off-the-shelf components. The consortium plans a "buffet approach" - offering a range of options from which part-

ners can choose. The fate of EFA may be decided at a defence ministers' meeting in November. But there is already talk of trying to delay final decisions until the German elections of 1994. For all of Britain's partners, the

project poses budget problems. Germany is able to put off buying any new aircraft, relying for the interim on an ageing, but updated, fleet of F4 Phantom fighters. Italy, on the other hand, urgently needs to replace its single-engined F-104 Star-

fighters.

1980s, the nominal viability threshold for the project was 800 aircraft,

one UK expert.

Britain's staunchest EFA ally. But it recently asked McDonnell Douglas of the US for data on the F/A-18, a possible short-term substitute. Spain already uses this aircraft and has the least pressing military need for a new fighter, Its reasons for joining EFA were political and industrial. The more trouble the project encounters, however, the less compelling those reasons become. German officials say Italy and Spain are now interested in a cheaper collaborative venture

here does that leave Britain? Mr John Weston, British Aerospace's defence chief, "there is nothing in the programme that we could not do in the UK if we had to." Mr Malcolm Rifkind, the defence secretary, came close last week to saying Britain might be prepared to go it alone. But it is doubtful he would get his way in the cabinet if there

were no other partners. The RAF's requirement - originally set at 250 - is unlikely to be enough to make a competitively priced aircraft. Back in the late 1980s, the nominal viability thresh-

hands every time they fly," says although purchase plans by the four partner nations never quite reached Rome has been considered that level.

Lord Prior, chairman of GEC, the defence group which reckons it has as much at stake on the project as BAe, sees it becoming "a titanic struggle in Whitehall".

Bonn's proposals for a Jager Leicht - or EFA Lite - have muddied the waters. EFA itself was meant to be as light and cheap as possible for the performance, with an airframe 70 per cent made of reinforced carbon fibre. How much lighter should it be? Mr Erich Riedl, parliamentary undersecretary at the German economics ministry. whose job it is to oversee the country's aerospace industry, dismisses the concept of a still lighter RFA as

"laughable" But the idea - jocularly dubbed the Volksiär – is tempting to a country such as Spain, which might be willing to divert remaining development funds into a smaller, less capable aircraft. The Swedish government has expressed interest in participating, saying the aircraft would have a lot in common with its single-engined Gripen.

Eurofighter's own review includes a study of whether EFA could have one engine instead of two and still meet its required performance. Mr John Vincent, the consortium's managing director, said at Farnbor-

ough that it was making the study so "we cannot be accused of ignor-ing" the suggestion. Managers at Rolls-Royce, the UK engine partner, solutier at the very idea of a one-en-

gine model. Mr Weston at BAe believes the review will point to an aircraft "very similar" to the current EFA The aircraft will be required to last 30 years, and Britain is refuctant to

jettison any of EFA's capabilities. All the alternative aircraft, apart from one, fall "significantly short" of the performance needed to beat new Russian-made fighters, says Mr Weston. The exception is the F22 air-superiority fighter being devel-oped in the US by Lockheed. Boeing and General Dynamics. But it is expected to be less versatile than the EFA and to come on the market

at twice its price.

The Gulf war brought home the overriding importance of air superiority in any conflict, Mr Weston argues. "A poor second best in this area could mean that all investment in other military arms and systems may have been of little value."

But the worry haunting EFA's proponents is that the US will come in with a "loss-leader" - a multirole fighter such as the F/A-18 or F-15, with an attractive price tag and industrial offsets thrown into the bargain. Mr Weston argues that offsets would never compensate for the work lost on EFA. BAe expects the project to engage 16,000 aeruspace workers in the UK at the height of the programme. Some act. mates put the figure as high as 40,000. Britain's engineering base would suffer if the project is scrapped, Mr Weston says, and export opportunities would be lost.

he bitterness and recriminations over EFA are symptomatic of recent European defence collaborations. Germany may well follow its EFA-move by withdrawing from the Tiger attack helicopter project, which it is developing jointly with France. That in turn could scuttle the anti-tank weapon the helicopter is designed to carry, a project in which Britain is

However, in many fields of defence, there is no alternative to collaboration if European manufacturers are to remain in the business. National budgets are shrinking, equipment is needed in smaller numbers; and development costs continue to rise. Secretive US projects in sectors such as combat aircraft are seen as leaving little room for outside partners except as subcontractors or, eventually, as licensees. The Harrier - a British aircraft reworked by Americans - is an exception to the rule.

The strangest thing about the wrangle is that the French - direct rivals - are not pleased with the prospect of EFA's demise. Officials and industrialists believe France's own long-term survival in the military aircraft business depends on having strong partners in Europe. After its experience with the Rafale project - which has also faced a reappraisal - France has no intenng it alone a

Mr Serge Dassault, its chairman says he would be "most unhappy" if the EFA project fell apart. This is the same company that once fought with BAe over design leadership in a five-nation EFA project. When that quarrel came to a head in 1985. the French attempted to lure other EFA partners away from the project to join the breakaway Rafale programme, without success. If even the French are now worried by the consequences of EFA collapsing. then matters must be serious.

No way out from tough decisions

John Major's cancellation of a trip to Spain highlights the public spending dilemma, says Philip Stephens

ute smacked of carelessness. An admission from Downing Street that the prime minister was needed in London to get to grips with the public spending round could hardly have been calculated to calm London's financial markets. The threat of a sterling crisis may have been uppermost in Mr Major's mind. But he may also have judged that it was impossible to disguise any longer a looming cabinet battle over how the government is to meet its spending targets for the next few years. With the recession threatening another big increase in the government's social security budget, ministers are digging in against cuts in other sensitive Whitehall

Mr Major may have calculated that it was better to demonstrate now that he was intent on giving a political lead on public spending rather than allowing resentment among his colleagues to develop into a public row.

But direct involvement by the prime minister will not solve his government's dilemma over spending. How, during a deep recession, can it square its election promise to deliver improved public services with the need to reassure financial markets that public spending and borrowing are not spiralling out of

The latest projections on the outlook for public borrowing have alarmed Whitehall. Officials believe the recession's impact on the government's balance sheet - pushing up spending and cutting tax revenues - means the Treasury is already set to overshoot its £28bn

requirement of closer to £40bn.
Even these gloomy projections assume that the government manages to stick to its pledge of holding departmental spending to £244.5bn in 1993-94 and to £258bn in 1994-95.

Barely two months ago Mr Norman Lamont, the chancellor, was claiming a significant coup when he persuaded the cabinet to confirm these targets publicly - and to set up a new ministerial committee to ensure that the pain of meeting them was shared fairly between the main spending departments. But it has become clear that the

It is acknowledged that the figure is based on an optimistic estimate of unemployment

mechanism does not give ministers an easy escape route from hard political decisions. When the committee - chaired by Mr Lamont and including cabinet heavyweights such as Mr Michael Heseltine and Mr Kenneth Clarke - meets for the first time tomorrow it will be handed a gloomy assessment of the Treasury's initial skirmishes with spending ministers.

Mr Michael Portillo, the chief secretary, has held a series of bilateral meetings with cabinet colleagues to persuade them to whittle down the estimated £14bn of extra money they had bid for next year. Mr Portillo has managed to knock a "significant sum" off the threatened overshoot. But with some ministers

he way in which Mr John worryingly, the outlook for the unwilling to move on their major's trip to Spain was cancelled at the last minnext April, points to a borrowing remains well above the £244.5bn figure they collectively endorsed in

> In theory the target is not draconian. In real terms the figures pen-cilled in for total spending should allow for an increase in each of the next two years of 3.5 per cent. And with inflation likely to be lower than the forecasts on which that calculation was made last autumn. the growth rate could be higher. But the global calculation obscures the ravages wrought by

> the recession on the £70.5bn social security budget. Most of the overall increase in public spending will be absorbed by higher benefits payments to the unemployed. Other departments - education, transport, environment and the Home Office among them - face an effective freeze or worse on their budgets to pay the additional benefits bill.

The present plans already allow for an increase in social security payments to £76bn next year. But it is acknowledged that the figure is based on an optimistic estimate of unemployment. The Treasury's calculations assume a jobless total of 2.4m. It is more likely to be 3m or above. That alone will lead to an automatic increase in spending of between £2bn and £3bn.

The other main pressure point is the council tax - the planned replacement for the community charge. Mr Michael Howard, the environment secretary, is arguing that, if the average bill when the tax is introduced is to come anywhere near the £400 per household suggested by the government, then the Treasury will have to hand over



The PM: trying to contain cabinet row over government spending

for local authorities and in temporary relief for those worst hit by the transition. Mr Portillo has tried to scale

down Mr Howard's bld, but there is recognition that the cabinet cannot permit a repeat of the increases in household bills which ensured that the community charge's introduction was a fiasco.

The implication is that the £4bn or so available for allocation this autumn from the Treasury's contingency reserve has been more than spent. When other unavoidable spending increases are added - the knock-on effect, for example, of higher than expected pay increases this year for health workers and teachers - the conclusion is that other ministers must abandon their bids for extra cash and accept cuts

in their existing programmes The Treasury has already targeted the £7bn roads programme, the Department of Environment's £7bn housing budget, the urban aid programme, the Home Office's prison-building plans, and the relatively

generous settlement won last year by the health department. It wants also deep cuts in the £24hi defence budget.

But cabinet ministers threatened by the squeeze are beginning to challenge the economic logic of fin-ancing increases in social security spending with cuts in the government's capital programmes. They are sensitive to the calls from the Conservatives' allies in the business community and from the government's backbench supporters for more rather than less to be spent on roads, schools and hospitals.

Some ministers are muttering that if the Treasury's target is to be met, the cabinet will have to confront the politically explosive issue of whether to stick with an open-ended commitment to higher state pensions, child benefit and income support payments. No Conservative government since 1979 has been prepared to grasp that nettle. But it may be that Mr Major has no

Edward Mortimer

Cold war's final frontier

have often excessively FOREIGN absorbed in their own AFFAIRS affairs, everyone else to find those

affairs equally absorbing. The complaint was heard during the cold war, when the hundred thousand without disturbing the global strategic balance but a single shot fired in Berlin would have the whole world transfixed. That particular spot of bother has been disposed of, but now Europeans cannot confront even smallerscale problems such as Yugoslavia without calling in the UN to do the dirty work. Mr Boutros Boutros Ghali, the UN secretary-general, was com-

plaining about that, quite rightly, back in July. It was salutary, therefore, that this year's annual conference of the International Institute for Strategic Studies (USS) should have been held last week a long way from Europe - in the South Korean capital, Seoul. The HSS is recognised as the leading think-tank in its field, but it is based in London and its directorial baton has just passed from a Frenchman to a Swede. So it did well to

accept the invitation of its Kor-

ean members, reminding itself

and the world that Asia, too,

has its own security Although the conference was supposed to be about "Asia's international role in the postcold war era", it was not until the final session that anyone said anything about the contribution that east Asia, home of the fastest-growing economies in the world, could make to

One of the points made was that Japan has made a contribution, at the price of a tran-matic internal debate, by amending its constitution to allow Japanese troops to join in UN peacekeeping operations. I agree, but it was clear that some Asians present (not least those from Korea itself) saw even this as an extra problem, since the memory of what Japanese troops got up to last time they went overseas is still too fresh and

too painful. Anxiety and suspicion left over from old conflicts, and the second world war in particular, can hardly surprise the European visitor. But what does strike anyone used to thinking about security in a European or Atlantic context is the lack designed to overcome or even is not much to write home manage these problems. No Nato, no EC, and for that mat-

ter no Warsaw Pact. The cold war in these parts was waged, on both sides, through an untidy set of bilateral relationships. On the communist side there was open hostility between China and the Soviet Union from 1960

The North Korean iceberg may be beginning to melt under the impact of global warming



onwards: local communist powers such as North Korea and North Vietnam were obliged to maintain a delicate balancing act between the two. On the western side there was the ill-fated South-East Asia Treaty Organisation (Seato), but even the great "pactoman-iac" of the 1950s, John Foster Dulles, did not attempt to form a Neato between Japan, South Korea and nationalist China

So it is hardly surprising that Asians are not very receptive to the suggestion, insis-

Koreans are unreceptive to suggestions that reunification of their peninsula could be managed through a '2 plus 4' process on the German model

tently pressed on them by Europeans, that they should deal with the residue of the cold war by forming a "CSCA" (conference on security and co-operation in Asia), modelled on the CSCE, the Conference on Security and Co-operation

about, in any case: it is doing precious little to resolve the conflicts breaking out all over eastern Europe, and has not even got round to filling the post of high commissioner on national minorities, which it decided to create more than two months ago. The CSCE came into exis-

of their peninsula could be managed through a "2 plus 4" process on the German model - the four being, in this case, the US, Russia, China and Japan. It is true that South Korea is now officially on good terms with these four, having established diplomatic rela-But Koreans are quick to point out that the four do not have the legal status in Korea that Britain, France, the US and the Soviet Union had in divided

tence originally as the result of

complex negotiations between

two aiready highly structured

blocs. No such building blocs

are visible in Asia today. But

the alarming result is that

almost every Asian state, faced

with the prospect that the US

might lose interest in the

region in the absence of a

Soviet threat, is stepping up its

military expenditure and ner-

vously eyeing that of its neigh-

Koreans, for their part, are

especially unreceptive to sug-

gestions that the reunification

Korea was not a defeated power in 1945. On the contrary, as a "liberated" Japanese colony, it was on the side of the victors. Its division only came about because Mr Dean Rusk, then a middle-ranking US state department official, drew a line along the 38th parallel. South of it, the Japanese surrender would be accepted by Ameriwould be accepted by American forces; north, by Soviet ones. The Soviet Union took advantage of this arrangement to install a communist regime in the north under President

Kim Il Sung, who is still there. Mr James Baker, when still US secretary of state, described the Korean peninsula as "the glacier of the cold war". That is certainly a good description of Kim II Sung's regime, which has done a more thorough job of isolating and repressing its people than any other communist regime since

Radio and TV sets are pre-tuned to government stations, and those few North Koreans who travel abroad on official business are forbidden to talk about their experiences when they return home, on pain of dire consequences. It is assumed, therefore, that North Koreans know far less about South Korea than East Germans did about West Germany; and South Koreans admit to knowing very little about the lives and opinions of ordinary people in North Korea.

Talk of "managing reunification", therefore, may seem premature. Kim Il Sung is not volunteering for the fate of Mr Erich Honecker. No Gorbachev, and probably no Deng Xlaoping, is in a position to topple him from power. But he is 80 years old and his chosen successor, his son Kim Jong Il, cuts a less than convincing

Even the North Korean glacler may be beginning to melt under the impact of global warming. In the past two years Mr Kim has embarked on barter trade and political dialogue with the South (the eighth "high-level meeting" is being held in Pyongyang this week); and this summer, yielding to intense pressure from the US, Mr Kim has allowed the International Atomic Energy Agency to carry out a thorough inspection of his country's nuclear facilities.

That is still a long way from unification, and the South would be happy to keep the process as gradual as possible: it is well aware of the havoc wrought by rapid unification in Germany, which in many ways was better equipped for the task.

But many South Koreans are also aware that they may have no choice in the matter, if the regime in the North cracks and its people begin to flock southwards as East Germans flocked

If that happens, the new Korea will need a lot of help and understanding from its neighbours. Surely some sort of multilateral framework, with the US as a full participant, would help the states of the region to approach this and other looming security problems with greater confidence and less mutual distrust.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

purchase of services

From Mr William Waldegrave. Sir, Michael Smith's report, Treasury spells out preference for private sector (September 10), repeated a misleading

statement by Civil Service unions on government policy. The unions quoted from a doc ument about selling govern-ment services into outside markets and claimed that this conflicts with our statements on Competing for Quality. This is not so. The two are different. The first deals with govern-ment competing with the private sector in markets outside government, the second with government as purchaser of

services for its own use. Our guidance on market testing sets out very plainly our policy on the government's purchase of services for its own use on behalf of the taxpayer. We want to improve the quality of services. A key element of this is to ensure that services currently provided in-house are tested against the market. The contract will be awarded on the basis of who can provide the best combination of quality and price. Staff will be encouraged to prepare a proposal and hid on the same basis and time-scale as the pri-

vate sector. This is fair to those who work in the public sector, to the taxpayer and to those dependent on services purchased by government.

When the government may be in competition with the private sector in the supply of services outside government, it is important that it does not use what may be its cheaper access to capital or other advantages to compete unfairly; and where the private sector operates satisfactorily, there has long been a presumption against expanding the role of state as trader.

Market testing will be conducted with fair and open competition for internal and external bids and with no dogmatic preference for either. William Waldegrave

Chancellor of the Duchy of Cabinet Office, 70 Whitehall London SW1A 2AS

Government | Devaluation: a remedy that has not worked in the long run

Sir. Prof Muellbauer (Personal View, September 14) makes a strong case for a devaluation of sterling. It is one that has been advanced many times in the last 20 years, the core of it being that output, employment and manufacturing competitiveness will all be increased while, in the existing state of employment, inflation will not be signifi-

Indeed, Prof Muellbauer goes further. Econometric then. Real wages and labour 65 Brook Street, models, including the Treagoes further. Econometric

account of the ways a devaluation could in current circumstances raise output perma-nently and cut inflation in the longer run". Those with long memorles note that the D-Mark/sterling

exchange rate is 2.80 today compared with more than 8 in 1971; that in the intervening years UK inflation has far exceeded Germany's; and that the UK's relative manufacturing competitiveness is proba-bly worse today than it was

From Professor Geoffrey sury's, he says, "take no fast in the UK than in Germany; and the UK has generally found it more difficult to maintain employment. Some people, including myself, do not believe that these develop-

ments are unrelated.

Admittedly a strong short run case can often be made for sterling devaluation, but the obvious failure of the repeated application of the rem work in the long run should surely lead us to be wary of it. Geoffrey Maynard, Investorp International,

Wrong curriculum for 21st century

From Frances Stewart Sir, Joe Rogaly ("Apple-pie curriculum", September 11) describes his ideal curriculum for British children today as including proficiency in English, "an acquaintance with the Bible and Shakespeare and the best of modern literature. A little science, a smidgen of history and a dip into French, German or another European language". And he claims, pre-

Is this a curriculum suitable for preparing British children for the 21st century, from an economic, political or cultural

sumably correctly, that this is

what the national curriculum

perspective? For Britain to reverse its economic decline, our education technology as central subjects, more important than the Bible or Shakespeare. A little science is not enough.

If Britain is to participate fully in European governance and our children are to participate fully in its economic opportunities, every child should leave school fluent in another European language. A "dip" into a foreign language - which is what most English children enjoy now - will

leave us and them at an increasing disadvantage in all European matters. Ideally every child should have some of their schooling in another European country

In our multi-ethnic society. the exclusive focus on the Bible and Shakespeare is offenmust include basic science and | sive to the non-Christian

majority and makes no attempt tolerant and inclusive in their religious and cultural atti-

Joe Rogaly (and apparently the government's) curriculum is an attempt to turn the clock back to the 19th century in cultural terms - and then our under-emphasis on technology and its low prestige was the forerunner of our present economic decay. His curriculum is ideally suited for a life spent on the desert island of Desert Island Discs, when the only occupation available is to read the Bible and Shakespeare: is this the environment we expect in the 21st century? Frances Stewart,

Fellow of Somerville College Oxford QX2 6HD

The Japanese have never forgotten Keynes

From Peter McGregor.
Sir, In his interesting piece "International Capital Markets: Europe stays out of step" (September 7), Anthony Harris says that the Japanese have redis-

covered Keynes. When we made a detailed study of the Japanese domestic construction market in 1990 (still the only one of its kind, the report on which the Japanese requested permission to trans-late), it was obvious that they late), it was obvious that they plant, product design and marhad never forgotten him. When keting) rather than hoping it Longworth.

we said so to the president of will be induced by macro-eco- Oxfordshire OX13 5HH

Construction Industry, he was very amused. In construction any shortfall in private invest-

ment is made up by public investment and vice versa. The Japanese also understand that you create a supplyside economy by ensuring there is a supply of what the economy needs (educated and trained people, research and development, investment in

the Research Institute for the | nomic magic. And a successful economy can be solidly based on investment and exports, not domestic consumption.

Finally, the Japanese under stand the power of the tribe Hayek, September 7). In their successful days there were British and American tribes which had the same power, but no longer. Peter McGregor,

Success achieved through tailoring services to market needs

Sir, With distribution logistics fast becoming an even bigger global concern, I read the FT's survey on Distribution Service (September 3) with

However, in the article "A hidden force ready for action

– Japanese eye UK market", the remark by Mr Jack Mather chief executive of NFC, that "[The Japanese] come in on the back of Japanese manufacturers - they all trade and link together – and use them as a base. Then they'll spread to

Japanese sound like some sort of germ. It spoilt, at least for me, the up-till-then impartial and objective analysis of Japanese distribution network

many undesirable aspects about the Japanese manufac turer-distributor relationship. But it would only mean another bout of meaningless "Japan-bashing" to criticise current systems without trying to find out what makes them click, and without saying what exactly critics want done about other customers", makes us it. I may well be mistaken, but

Japan's "success" in this area was that which seemed to be asked for throughout the survey - an understanding of the customer's business and

needs. True, some Japanese compa nies may continue to prefer alllapanese "exported" systems, but there are limits to this, and as the confidence and scale of Japanese business grow, many already realise the merits of local networks and are using the most efficient, logistic sys-tem regardless of nationality.

also want to give their custom to the provider of the best services in the same way?

in an increasingly borderless world, we must do our best to another in order to reap the benefits of mutuality and reciprocity, and make the best use of the "good" competition available to achieve co-prosperity worldwide. Yumiyo Yamamoto.

2-8-1 Aobadai, Meguro Ku, Tokyo 153,

OBSERVER

After-dinner treats

■ Being a "close friend" of analyst-cum-author Terry Smith, who is making the most of his 15 minutes of fame, certainly brings its own reflected glory.

Paul Compton, UK engineering analyst at UBS Phillips & Drew, is resigning this morning to go to Credit Lyonnais, a move that would undoubtedly have gone largely unnoticed - apart perhaps from a brief envious glance from his colleagues in the direction of his "much better salary" - had he not been a regular dinner companion of Terry Smith.

Smith, the author of Accounting For Growth and recently sacked by UBS P & D, has been basking in the glare of publicity and the ensuing flurry of questions about the independence of analysis at City investment houses

He has asked Compton to appear as his witness in the second disciplinary hearing. Compton, in turn, is ruling out any nection between his resignation and his witnessing activities. Pointing out that another colleague still with the firm, was the witness at the first session, he goes on to explain that he is joining John Holmes, formerly head of Morgan Grenfell Securities, for whom he worked before joining UBS four years ago. He has been in

discussions for the past six months though he is not denying that the dismal atmosphere at the firm in the wake of the Smith upheaval may have speeded his departure.

Chatterbox

■ Pleased to hear that Sir Christopher Tugendhat, chairman of Abbey National and author of what is generally seen as one of the more offbest ideas for heaving the British housing market out

of the doldrums, has found a soul

mate to chat to at board meetings. True to the bank's style of nicking "unconventional" people as its non-executive directors, it has chosen Sir Terence Heiser, who retired as permanent secretary at the Department of the Environment in June. "His style, way of thinking, and background is not exactly conventional," enthuses Sir Christopher. In common with the last

mandarin non-exec at Abbey – Sir John Garlick who retired last year - Sir Terence has anything but the typical Whitehall background; they both, for instance, joined the civil service straight from school. With his recreation of "talking", according to Who's Who, he obviously continues to defy the norm for his colleagues Sir Christopher says he has not been able to discuss his idea of tax breaks for homeowners who have

lost money on their bricks and mortar investment, as Sir Terence is still in purdah. For two such chatty men (Sir Christopher lists "conversation" as one of his Who's Who recreations) this must have been a severe strain.

Regional

■ Just what sort of impression is English Heritage giving when the answering machine at the press office relays a message couched in an impeccable American accents A second call yesterday produced a live press officer. "Yes it is quite bizarre," he agreed, in dulcet

lust in case

■ The Bingham report into the collapse of BCCI, the corrupt international bank, could have landed its author, Lord Bingham,

in very hot water. The report - commissioned by the government - was at one stage scheduled to be published today. However, the inquiry has few



Tm hoping for a piece of the lundesbank to go with my piece of the Berlin wall' recedents and so it was only late in the day that the Treasury's solicitors discovered that very little privilege attached to it. In other words, Lord Bingham, the new Master of the Rolls, could have been

sued for libel. Rather than risk a lorryload of writs landing on the deak of the most senior civil court judge, the Treasury has decided to postpone publication till the report can be released under parliamentary privilege when the Commons

ASerbic

■ Old enmittles die hard. Lord Owen's onerous task of reconciling the warring factions in the former Yugoslavia is winning the former SDP leader little sympathy at the Harrogate gathering of his former allies in the Liberal Democrats. Instead, he is still remembered as the man who wilfully dismembered the third force in British politics in the manner of a Serbian warlord. The mere mention of his name even now provokes hisses among

conference delegates. One former

.

friend now refers to him unkindly as Lord Owen of Split.

Unpopular

■ Canary Wharf has lost another lifeline with the outside world. The Number 40 bus no longer stops there and has returned to its old route on the East India Dock Road. It seems that there were hardly enough people to fill the front seat of the top deck of a 70-seater. "The London Docklands Development Corporation has asked us to reconsider the pattern of the service when people start to move into Canary Wharf," says a spokesman of the government-owned London Buses, before adding sniffily, "whenever that may be."

Votez bleu

■ The Socialist Group in the European Parliament — which recently announced via some fine posters and postcards that Napoleon and Charlemagne would have voted Yes in Sunday's French referendum on Maastricht - have now brought their campaign efforts a bit more up to date.

They have taken out an access code on France's high-tech, on-line Minitel service, which is available to all telephone subscribers. So all those punching "Vote Oui" into their Minitel handset will get a crisp and graphic explanation of why they should indeed vote Yes on Sunday; 4,000 callers have so far availed themselves of this clarification.

And as a spoiling tactic, the Socialists also booked the "Vote Non" code so as to keep one jump ahead of the motley rejectionist front in the Maastricht campaign. The smirk on their faces acquired

a slightly pink hue, however, when it was discovered that the simple "Oui" access code gains callers entry to a distinctly bluer, though equally graphic area – one of Minitel's porn services.

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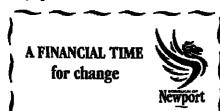
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UK and France defend stance on radioactive waste

Treaty to ban dumping in Atlantic under threat

By Bronwen Maddox in London

A NEW treaty to ban dumping of waste in the Atlantic may be threatened by British and French refusal to agree to stop dumping radioactive waste, the Department of the Environment said

Ministers from 12 North European states - the UK, France, Belgium, Denmark, Germany. Iceland, the Republic of Ireland. the Netherlands, Norway, Portugal, Spain and Sweden meet on Monday in Paris to sign a convention covering all aspects

It is intended to replace the existing 1972 Oslo Convention of

1974 Paris Convention on discharging waste from rivers to the

Britain and France are insisting on reserving the right to dump "large bulky items" at sea, a clause intended to cover the reactor components of nuclear submarines and power stations. The other ten countries want a permanent moratorium on the dumping of radioactive

The Department of the Environment said yesterday that the government wanted to wait for a study by the administrators of the London Dumping Conven-tion, an international dumping

on dumping waste at sea and the treaty, before committing itself on radioactive waste.

Mr David Maclean, environ ment minister, who will represent the UK in Paris, said yesterday that existing treaties had already reduced marine pollu-

Levels of heavy metals in the sea had fallen since 1975, he said. The level of Copper had fallen by 70 per cent, cadmium by 23 per cent, mercury by 38 per cent, lead by 37 per cent, and zinc by 29 per cent, said Mr Maclean.

He added that Britain would stop dumping industrial waste at sea in a few months, and would stop dumping sewage sludge by



Help on the way: this convoy of more than 30 aid trucks left Belgrade yesterday for Sarajevo. The UN Security Council is to send an extra 6,000 troops to Bosnia-Hercegovina, aimed at increasing international relief operations throughout the former Yugoslav republic Editorial Comment. Page 14; Background, Page 4

Japan's prosecutors pursue Liberal party's 'kingmaker'

By Robert Thomson in Tokyo

JAPANESE prosecutors insisted yesterday that Mr Shin Kane-maru, the "kingmaker" of the ruling Liberal Democratic party, would be formally investigated over whether his receipt of Y500m (\$4.07m) from a scandaltainted trucking company was in breach of political funding laws.

Doubt over Mr Kanemaru's future has unsettled the ruling party, which presumed that its former vice-chairman would not be pursued. Mr Kanemaru, head of the party's largest faction, thought he would not be formally questioned and refused to go to the Tokyo prosecutor's office.
But investigators have grown

impatient with Mr Kanemaru, and appear to have leaked details a maximum fine of only Y200,000.

of the donation and his alleged links to a gangster group which were widely broadcast on Japa-

nese television last night.

The information had been gathered by prosecutors during questioning of Mr Hiroyasu Watanabe, the former president of Tokyo Sagawa Kyubin, the parcel delivery company involved in massive payments to politicians and government officials.

Mr Kanemaru has admitted that his office received the Y500m, but said the funds were "goodwill money" for the party and were not in breach of the Political Funds Control Law. The amount is far above the Y100m which is allowed under law to be donated by a company to one

To show his remorse, Mr Kanemaru resigned as party vicechairman, but suffered no loss of power in the party. However, his ability to raise funds, which sus-tains his status within the party, could be hurt by the allegations yesterday that he asked gangsters to end protests against LDP

leaders by far-right groups. Prosecutors are using the gang-ster issue to try to embarrass Mr Kanemaru into appearing at their office this week. His assistants say he is preparing a written explanation for the prosecutors, but they want him to make an

appearance in person.

The possibility of Mr Kanema-ru's reputation suffering serious damage from the scandal has prompted a power struggle

calls for economic reforms in Germany

By Quentin Peel in Bonn

MR Jürgen Möllemann, Germany's economics minister. yesterday called for a comprehensive reform of the country's education and welfare systems. labour laws and enterprise taxation to restore its international competitiveness.

At the same time he appealed for more radical action, including extended investment subsidies, to revive the east German economy and warned that recov-ery in the east could take at least

In a broad-ranging paper on the ossified structure of the German economy in the 1990s, Mr Möllemann called for legally binding budget controls to restrain public sector spending

eastern Germany where mass unemployment is stoking social unrest and racial violence Businesses faced with bank-

ruptcy - particularly in the east must be allowed temporarily to suspend wage agreements to stay in operation, he said.

He also proposed that a new law on working time should be introduced, allowing for more flexible working hours, more shift working to use factory equipment more efficiently and greater flexibility in working on

Sundays and holidays. He proposed that the retirement age, now 65, should be raised and made more flexible, with people given incentives to

On the other hand, university age of 25, he said.

Mr Möllemann renewed his call for a series of enterprise tax reforms and for an overall cut in the peak rate of income tax from 53 to 44 per cent, both for individuals and small businesses.

He presented a generally gloomy view of the state of the German economy, above all in the east. "We face the total collapse of the social and economic said. "It is impossible to overcome this in two or even in five years. We will need a whole

nomic and social development must not be overlooked," he

help finance the cost of German

instantly criticised by the trade unions and the opposition Social Democrats. Mr Wolfgang Roth, economics spokesman of the SPD, said the minister had no new ideas, but was at last admitting the scale of the problems.

Waigel denies interference on rate cut, Page 3 Cartel Office probes savings

Möllemann

by central and local government. He proposed an overhaul of the wage-bargaining system to pro-vide more flexibility, above all in

courses should be shortened, because students could currently extend their studies almost indefinitely; the norm should be for students to start work by the

The minister expressed scepticism about the stimulus to growth which would flow from the German Bundesbank's latest cut in interest rates, of between 0.25 and 0.5 percentage points.

"The warning lights for eco-

Mr Möllemann's said his strategy paper, to be presented to the full German cabinet on Septem-ber 23, should provide a working Kohl's proposed "solidarity pact" between employers, unions and central and local government to

unification. But his free-market ideas were

THE LEX COLUMN

Shredded paper

In one sense the stock market deservedly got its come uppance yes-terday from Arjo Wiggins Appleton. UK income funds, in particular, have been guilty of bullying companies into maintaining expensive dividends in the face of deepening recession. The obvious threat of a collapsed share price if they step out of line, though, counts for nothing if the victim displays little regard for City credibility. That is an inescapable conclusion

after the wholly unexpected 20 per cent cut in Arjo's interim payout. The Anglo-French paper maker must have known that the reaction would be severe - £400m off its market capitalisation is vicious by any standards and that investors would be puzzled by its motives. Cover on an unchanged payout for the year, after all, would probably have been 1.5-1.7 times earnings: short of its desired 2-2.5 times target but perfectly respectable in these difficult times. The balance sheet is far from stretched - gearing may be 30 per cent by the year end and the £13m cash saving on the dividend is dwarfed by acquisitions and capital spending.

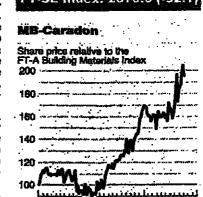
Simple miscalculation seems an unlikely explanation for a Footsie company. The sudden assertion of continental long-termism looks equally implausible, though few can be in any doubt now that the French are in full control St Louis' 39 per cent stake, however, does not provide access to the huge cash flows of which Arjo will one day be capable, which is why a full takeover may yet be the ultimate aim. It does not take a conspiracy theorist to recognise that a lower share price helps in this respect.

The trouble with buying the shares at 129p is that patience may be required. On fundamental grounds they look cheap relative to the market, there is no obvious black hole, and the overcapacity problem which lies at the root of weak European earnings should be mostly resolved by the end of next year. Given the market's disenchantment, though, it is hard to see a stampede of takers.

Currencies

It has suddenly become reasonable to wonder whether the UK can make it through to the weekend without raising base rates sharply to defend sterling. By last night the sense of alarm in currency markets was every bit as bad as it was on Friday, and sterling was firmly in the firing line. The trouble is only partly that the devaluation

FT-SE Index: 2370.0 (-52.1)



of the lira was too timid and the ensuing Bundesbank rate cut to small. Yesterday's weak retail sales figures from the US do not help either. They underline the limited prospects for a narrower trans-Atlantic interest differential which would sustain the dollar and curb upward pressure on the D-mark.

To make matters worse, Mr Major has made a strategic blunder by can-celling his trip to Spain. The markets were quick to conclude that his nerve is faltering. Having just made a killing out of the lira at the expense of the Bank of Italy, dealers must now think the Bank of England is ripe for similar treatment. A token rise in UK rates will hardly put them off. Mr Major would have to opt for two points at least to show earnest commitment. But that would leave the real economy in an even bigger mess.

Kingfisher

Hard times and prudent manage-ment of cash flow distingished Kingfisher's interim figures yesterday. Indeed, the company earned an interest credit for the first time since its buy-out 10 years ago. Yet there are inevitable signs of strain at the trading level. Worst affected is B&Q which has been fighting price battles with DIY competitors Texas and Do It Ali. Despite B&Q's late entry to the fray, profits fell by 14 per cent to £40m.

As it attempts to persuade consumers it offers value for money, B&Q is switching to fixed low prices. This is a good long term plan, but it carries considerable cost. The question is no longer when the recovery will arrive. but rather how to live without it. tor, and price-cutting will take time to weed out the weaker companies. B&Q will be a winner. Meanwhile its profits risk being squeezed by bouts of heavy discounting on the part of its competi

As for the rest of the group, Come still has a poor position in its market. Having failed to buy Dixons, the logic for Kingfisher must be to sell its electrical retailer eventually. Woolworth is dependent on a good Christmas, the prospect of which receeds as fast as sterling falls. Kingfisher's best asset its management, is struggling hero-ically. Sadly, the attraction of the shares lies not in the company's trading outlook, but in the dismal pros-

MB-Caradon

The market has been wondering for some time when and whether MB-Car adon will go on the acquisition trail. But the strategic need to do so is growing more acute, to judge by yesterday's interim results. Pre-tax profits were up 28 per cent on the first half of last year. The interest charge fell as last year's rights issue proceeds were applied to reducing debt. Operating profits from security printing rose 45 per cent. That masks a pretty dismal performance in UK building materials. a market which appears to have got worse as the half progressed.

MB-Caradon has managed its way through the recession better than some in this sector, but there must be a limit to the degree to which effi-ciency gains alone will limit the damage. It would be rash to assume that continental markets will continue to provide offsetting growth or to rely on much further gains from security printing. Last year's second half was already strong in that division. Vol-ume growth is weak and operating margins have now topped 20 per cent. Scope for further enhancement is lim-

Happily, gearing is down to 12 per cent. How the management exploits this strength is crucial to securing future growth. It has been reluctant to go on a buying spree too early in the downturn, but there is also a danger of missing the boat. Similarly, timing is of the essence in the sale of its 25 per cent stake in CarnaudMetalbox. The holding has more than doubled in value since the beginning of 1991. Finding a buyer will be harder once the recovery is complete.

	1992	1991
	1st Half	1st Half
	£	m
Turnover	402.3	389.6
Profit before tax	31.0	33.1
Earnings per share	12.7p	14.3p
Interim ordinary dividend	4.2p ·	4.2p

POSITIONED FOR THE 90's

Copies of the Interim Report for the six months ended 27th June 1992 from which the above is an extract are available from 21st September from the Secretary, Delta plc, 1 Kingsway, London WC2B 6XF. Telephone 071 836 3535

Bundesbank chief in row over ERM alignment

Continued from Page 1

the exchange rate mechanism, including the pound, which yesterday hit a new low against the D-Mark within the ERM.

They are also likely to irritate the UK government which is batposition within its ERM band. In an initial response last night, an official pointed out that Mr Major had specifically ruled out support for a comprehensive reworking of the ERM. Mr Norman Lamont, chancellor, said last night: treaty delivers a No vote to Euro- the devaluation of the lira.

tion of sterling being realigned or devalued and at no stage did nay-ministers are reconciled to raisbody else suggest we should

move with the Italians". As Mr Major cancelled plans at the eleventh hour to fly to Spain, UK pension funds and other large tling to maintain the pound's investors switched money out of pounds into D-Marks, forcing the bank of England to intervene to in the ERM seriously unsettled

prop up the currency. other weak currencles including Sterling's difficulties could be the lira and the Spanish peseta. It worsened if Sunday's French referendum on the Maastricht interest rates in Germany and

ing interest rates to maintain sterling within its ERM band should this prove necessary. But there is a clear hope that such an increase can be held off, at least until after the French referendum result. The fresh turbulence other weak currencies including

came in spite of Monday's cut in

The pound's continued weakness intensified expectations that the British government might soon be forced into a damaging increase in interest rates to prevent the pound breaching its ERM limit. Last night, the pound closed

against the D-Mark at DM2.7800, 1% pfennigs down on the day and at the lowest level since Britain joined the ERM 23 months ago. At the close the currency was just one fifth of a pfennig above its floor of DM2.778, at which the

government action is required.

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OTHE FINANCIAL TIMES LIMITED 1992

Wednesday September 16 1992



INSIDE

MB-Caradon ahead on interest cut

Abusens of Verty Corporation WHITY

MB-Caradon, the UK conglomerate, increased interim pre-tax profits from £47.2m (\$93m) to £60.5m helped by interest savings following its £149m rights issue last November. The group's 25,2 per cent stake in CarnaudMetalbox, the European packaging group, contributed £20.6m to profits. Page 22

Bloomberg on the right note

The day after Mr Michael Bloomberg paid \$13.5m for WNEW AM, one of New York's most famous music radio stations, there was no shortage of people asking him for a job. Disc shorage of people asking him for a job Disc jockeys, however, do not figure in the station's future. Sinatra will be replaced by stock prices. WNEW will become WBBR (Bloomberg Business Radio) and a last-growing financial news and data company, Bloomberg Financial Markets, will take a step forward. Page 19

Canada's miners move abroad



Leaders of Canada's mining industry will be giving federal and provincial mines ministers : hard time at their annual meeting later this month. The main item will be a report saying Canadian mining companies are cutting exploration budgets at home but steadily increasing investment elsewhere in the world. Page 24

Skandia sells US arm

Skandia, the Swedish insurance group, yester day announced the sale of Great States Financial, a workers' compensation insurer licensed in California and Arizona, to FHP International of the US. The Swedish group said the sale reflected its decision to reduce its exposure in the US, and follows plans to spin off part of its US reinsurance business. Page 18

Muted cheer from Frankfurt

Germany
DAX Index
1,800
1,700
1,600
1,500
Jul 192 Sap
Source: FT Graphin

It was just what the German market needed. After optimism at the start of the year was replaced by gloom about international economic and currency trends, this week's interest rate cuts by the Bundesbank and the European exchange rate realignment brought a note of chear back to dealing rooms. But the

euphoric: The Frankfurt market DAX Index put on 4.4 per cent on Monday. Yesterday, it fell 0.5 per cent to 1,587.55, well below its high of 1,811.57 at the end of May. Back Page

Repsol delays equity sale Repsol, the Spanish state-owned oil, gas and

chemicals group, is to delay a placing of some 10 per cent of its equity until next year to allow parliament to lift legal barriers to the deal. The delay caused some surprise on the domestic markets. Page 21

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Wing On Bank Woodchester

Canadian group's investors face losses

By Bernard Simon in Toronto

SEVERAL European banks and many individual investors stand to suffer heavy losses from their exposure to Castor Holdings, the Montreal-based property holding company at the centre of a tangled international group con-trolled by financier Mr Wolfgang

Stolzenberg.

A bankruptcy trustee, Richter
& Associates of Montreal, has identified contingent liabilities of C\$743m (US\$610m) since Castor was placed in receivership two months ago, but total losses to investors are expected to be considerably higher.

Castor's bank lenders include Crédit Suisse, which has an unsecured exposure of about C\$100m, Paribas and Berliner Handels und Frankfurter Bank. The biggest creditor is Chrysler Canada's pension fund, with an exposure of more than C\$200m. A number of secured creditors have begun proceedings to seize

their collateral. Castor was set up in the mid-1970s to invest European funds in North American property. The full extent of its operations is far from clear, and is expected to take several years to untangle.

A lawyer involved in the proceedings said Castor made a "multitude of loans" to various property developers, including Imry Merchant Developers in the UK. It is also known that Castor lent money to York-Hannover Developments, a group controlled by German-Canadian property financier Mr Karsten von Wersebe.

York-Hannover is at the centre of allegations in Switzerland that Rothschild Bank of Zurich, the associate of UK merchant bank NM Rothschild, contra-vened banking rules by advanc-ing more than 20 per cent of its capital in unsecured loans to a single customer.

Castor also has connections with other companies in Canada, the UK, Ireland, the Netherlands, Germany, Switzerland, Cyprus

One of the Cyprus-based subsidiaries, CH International (Overseas), is currently being

wound up.
Mr Stolzenberg, who lives in
London, appeared with his lawyer at a creditors' meeting in Montreal last month. He has also had a brief, infor-

mal meeting with the bankruptcy trustee, and has indicated a willingness to be interviewed more thoroughly on Castor's

Arjo Wiggins cuts dividend by 19%

ARJO Wiggins Appleton, the troubled Franco-British paper group, unexpectedly cut its dividend yesterday by 19 per cent from 3.3p per share to 2.65p. The group's shares fell 29 per cent from 182p to 129p.

Profits before tax for the first six months

to June 30, fell 26 per cent from £135.5m to £99.1m (\$195.2m), although they were in line with expectations. Earnings per share fell from 10.7p to 7.5p. Operating profits were £112.4m against £146.1m a year ago as the company struggled in difficult trading conditions. Group turn-over was £1.30bn compared with £1.26bn for

the same period last year.

Mr Cob Stenham, chairman, said the results were far better than those of its com-

petitors. The fall in profits had been almost entirely attributable to the weak European market, he said.

Mr Tony Isaacs, finance director, said most of the problems were in the European carbonless paper and coated paper markets. Results in the carbonless sector remained poor, with capacity utilisation of only 85 per

cent to 88 per cent. Prices had fallen about 20 per cent over the past two years. The coated market was con-tinuing to grow fast, but new capacity had come on stream, forcing operating rates down to about 85 per cent and prices down

about 10 per cent. The company was also hit by the dollar's fall which affected earnings from the US Appleton operations. The company lost about 23m for each 10 cents the dollar lost, he said.

Mr Stenham said the outlook was grey for the balance of the year and 1993. Gearing, the balance of the year and 1993. Gearing, which began the year at 13 per cent, would more than double by the end of 1992. The company is a third of the way through a \$170m paper investment in the US.

The group was still looking for two British board members to replace Mr Henry Wendt, chairman of SmithKline Beecham, who retired and Mr Ian Kennedy who retired.

resigned, and Mr Ian Kennedy who retired, said Mr Stenham. One replacement was likely to be British, while the other might be American or a non-French continental Euro-

Mr Stephen Walls, the former British chief executive, was replaced this summer by Mr Alain Soulas, formerly chief executive of Saint-Gobain's paper division. Lex, Page 16; Market, Page 25

1st half 1992

50.0

5.8

2.4

53.5

0.7

1st half 1991

66.5

17.0

10.4

51.9

0.3

146.1

Paul Abrahams reports on strong reaction to paper group's move

France

300 --

280 -

240 -

220 —

200 ÷

180 -

North America

Shareholders claim a lack of entente

British analysts and institu-tional shareholders re-acted angrily to Arjo Wiggins Appleton's dividend cut yes-

terday.

Most complained they could not understand the reasons for the unexpected decision by the Franco-British paper group.

The move seems to represent a serious breakdown in understanding between St Louis, AWA's French minority shareholder, and its British counterparts. It also demonstrates the differ-

ent attitudes of French and Anglo-Saxon groups to shareholder value and management practice. Mr Bernard Dumon, chairman

of St Louis, the French group



Alain Soulas: chief executive

which owns 39 per cent of AWA, said he was surprised at the reac-tion of the London market.

"This is very simple," he said "What concerned us was the fall in profits this year and last. There was no prospect of an improvement next year. If profits fall, then it's absolutely normal to cut the dividend. That is not unusual. It's not a French nor a British practice, but just good

Mr Nicholas Worms, senior partner at Worms et Cie, the French financial group which owns 36 per cent of St Louis, said UK institutions had over-reacted to the cut. He said the market should

have appreciated the move as a

sign the company was serious

about getting to grips with its problems, although they were not as serious as other companies in UK analysts were far from understanding, however. "The cut is a stupidity and a tragedy. There was just no need to do it."

said one analyst.
"Financially the group is strong. The decision shows Ario Wiggins has effectively become a subsidiary of a French group that does not have the interests of the majority shareholders at heart."

Another analyst complained: "The company is completely out of touch with its shareholders apart from 39 per cent of There were suggestions that a

lower share price after the dividend cut might make it easier

Mr Dumon said St Louis had no plans to increase its shareholding for the time being. "There is nothing in the air or any studies to go above the 40 per cent limit set during the merger between the French and British

for St Louis to raise its stake.

Arjo Wiggins Appleton

Operating profit by region

Other European countries

Share price

Mr Worms said that if in a couple of years the market had been "completely idiotic" and the share price was too low. St Louis might then approach the other shareholders to buy them out.

Towever, he said St Louis was relatively too heavily invested in the paper industry and did not have spare cash to squander.
Mr Tony Isaacs, AWA finance

director, said that given the expected fall in earnings for the full year, dividend cover would ance sheet. The dividend cut have dropped below the 2.0 to 2.5 helps us achieve that."

times target set by the company if the dividend had been main-

1992

Sep

The savings, he estimated, were about £13m (\$25m). But analysts said such a sum was tiny compared with the £50m the company had spent on acquisitions and the £82m it was spending on capital investment.

Shares look likely to remain weak until the company can regain the City of London's confidence. But analysts believed that

could take years. Meanwhile, Mr Worms insisted the move would strengthen the company. "We have to be realis-tic," he said.

"If we want the company to be in a position to take advantage of the market and make a £100m or £200m investment, then it's essential to have a strong bal-

Scottish banking group rescued

AN emergency rescue of a small Scottlsh private banking group. Adam & Company, has been organised over the past three weeks after it lost £21m on foreign currency futures.

Adam's biggest shareholders include the wealthy Schlumber-ger family and Standard Life, the

Scottish insurance company.

The losses were made by the three employees of Adam's London treasury dealing department, which trades in foreign currency and short-term securities. All three have been suspended pending the outcome of an investigation by a firm of accountants, Price Waterhouse.

Mr James Laurenson, Adam's managing director, said the dealings had been "unauthorised". He said the treasury team began to make the Joss-making deals in April, but that senior manage ment only became aware of them three weeks ago.

He said the deals came to light because tosses on them had become so big that "they could not be hidden". All the dealing positions have now been closed. However, the bank's capital which was £7.1m (\$14m) at the end of June - was wiped out by the losses. But the bank has been able to keep trading because it has persuaded one of its shareholders to inject £21m of new capital into it.

The shareholder, which is buying £21m of new preference shares in Adam's banking subsidiary, has asked for its identity to remain secret. The preference shares pay no coupon for 10 years. It is understood neither the Schlumberger family nor Standard Life, the Scottish insurance company, made the capital

Mr Laurenson said the bank was "incredibly" fortunate to have such a supportive shareholder. He believes the bank has emerged stronger than before, because of the terms of the injection and because of support from the Royal Bank of Scotland, which has provided committed credit lines to the bank.

Adam disclosed yesterday it £5m in the year to June 30, compared with a profit in the previ-ous year of £869,000. The results included £6.58m of the £21m foreign currency loss. Adam believes only £6.58m had in fact been incurred by June 30.

Mr Laurenson said without the foreign currency loss "profits would have almost doubled".

Fried. Krupp and Hoesch tackle fresh merger hurdle

By David Waller in Frankfurt

FRIED. Krupp and Hoesch, the two large Ruhr-based steel and engineering groups, yesterday vowed to press ahead with practical steps towards a merger in spite of a court ruling which has created a last-minute legal obsta-cle to the long-planned fusion of

the two groups. The two companies, which have spent most of this year successfully clearing one legal hurdle after another in the way of a merger, announced yesterday that a Dortmund court had refused to register the application for the merger, as required under German company law for the transaction to take final

further 5 per cent of Foster's cap-

ital from Citibank, which has

also placed part of IBH in receiv-

BHP underlined its influence

board, following Monday's resig-nation of Mr Elliott and his asso-

This decision - which follows a legal challenge to the merger launched by three individual

They said they would appeal against the ruling as soon as pos-sible and proceed with all the organisational preparations for a

In spite of the companies' insistence that the judgment would not lead to a serious delay in the practical implementation of the merger, it is inevitable that plans for the listing of the merged company on the German stock-ex-change will be held up. The original plan was to seek a

listing this month or next, but it now looks likely the flotation will be postponed until later this

The basis of the Dortmund court's ruling is that it does not have the competence to evaluate the legal basis of the claims

shareholders in Hoesch – was dismissed by the companies as a lodged by the three shareholders, Mr Henry-August-Robert Nold of legal technicality.

I lodged by the three shareholders, Mr Henry-August-Robert Nold of Darmstadt, Mr Hans-Gerhard Haas of Dortmund, both private investors, and Mr Hans Klüting. a lawyer based in Dortmund who spent 38 years working at

A date for a hearing in the Dortmund regional court has been set for December 18. Their concerns are thought to

focus on the treatment of minority shareholders under the terms of the merger agreement, although Mr Klüting has com-plained that the Hoesch name will not be given enough prominence after the merger. Technically, the merged company will be called "Fried. Krupp AG

Hoesch-Krupp". Hoesch shareholders voted 99.7 per cent in favour of the merger

forgiveness, equates to a cash price of about A\$2 a share. It is higher than the A\$1.10-a-share

price on the Foster's scrip issue

announced yesterday.

The issue will be fully under

written by Potter Warburg, the

Australian investment bank.

BHP says it will take up its enti-

tlement and act as a sub-under

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Chicago Board of Trade

21992 the Checup Board of Trad

BHP takes control of Foster's ciate, Mr Ken Biggins. BHP's By Bruce Jacques in Sydney buyers for the company's Foster's move came as Foster's announced it had plunged to net stake since mid-August after BHP made an offer for the parcel, BHP, Australia's biggest company, is taking effective conlosses of A\$950.8m for the year to worth A\$2.39 a share. That price, which involves debt

trol of Foster's Brewing, the trou-bled Australian-based interna-June and a two-for-five rights issue to raise A\$1bn. tional brewer, in a deal worth The losses followed asset writeabout A\$1.5bn (US\$1.07bn). downs of A\$1.19bn which dis-BHP announced yesterday it guised a strong performance was buying 32 per cent of Fos-ter's, plus options, from the from the company's breweries.

particularly in the UK. receivers of International Brew-BHP's ascendancy at Foster's ing Holdings (IBH), the private group controlled by Mr John Ell-iott, the former Foster's chief. has been expected since June 2 when it sent receivers into the IBH group. BHP has also offered to buy a

Mr John Prescott, BHP manag-ing director, said last night his company was comfortable with a long-term Foster's investment. BHP's exposure to Foster's stands at just under A\$2.5bn or by placing its nominees in four just over 10 per cent of the brewout of the 12 seats on the Foster's er's total assets.

The receivers of IBH had been attempting to find alternative

would total 6 cents a share out of

Foster's shares fell 13 cents yesterday to a year low of A\$1.46 on the Australian stock exchanges.
It said it expected dividends

profits earned in the year to June

INTERNATIONAL COMPANIES AND FINANCE

are engaged in a power strug-gle in the boardroom of Ger-

many's biggest bank. The

rumours have been lent credence by the fact that Mr Schmitz's team - rather than Morgan Grenfell - has advised

on a number of recent prominent mergers and acquisitions

in Germany, including the

DM1.45bn (\$1.02bn) acquisition

of the non-paper businesses of Feldmuhie Nobel by the

Metallgesellschaft mining and

the future where due to spe-cific client circumstances, the

bank does the advisory work,"

Mr Schmitz concedes, "but this

is not to imply that there is

competition between my department and Morgan Gren-fell. M & A is Morgan Grenfell's

field, and if we do the odd

transaction here and there,

that does not mean that we are

making specific inroads into

Moreover, he says, a fusion

of Morgan Grenfell's M & A

activities with those of

Deutsche would be counter-

productive: "Given the size dif-

ferential, Morgan Grenfell

would eventually be crushed, its pure M & A culture would

Mr Schmitz and Mr Craven

have much in common. They

are about the same age

(Schmitz is 54 next month, Cra-

ven 52, also next month) and

both joined the bank in 1990.

Schmitz arrived after 23 years

at BASF, the large German

chemicals company, where he

was finance director from 1984.

They are the the only two of

Deutsche's 13-strong main

board who have not spent their

entire working lives at the

be contaminated."

Morgan Grenfell's domain."

"There may be other cases in

engineering group last year.

Skandia sells US-based compensation insurer

By Sara Webb in Stockholm

SKANDIA, the Swedish insurance group, yesterday announced the sale of Great States Financial Corporation, a specialty workers' compensation insurer licensed in California and Arizona, to FHP International Corporation of

The Swedish group said the sale reflects its decision to reduce its risk exposure in the US, and follows plans to spin off part of its US reinsurance

Skandia said the sale would provide a profit after tax of about SKr35m (\$6.4m), although it said exact price

not being made public. Great States Financial Corporation was set up by Skandia in 1989 and has annual premium income of about SKr200m, which represents a relatively small proportion of Skandia's total US

Total premium income from the US amounts to about SKr6bn, including reinsurance, direct insurance and international life insurance business, Skandia said. FHP International Corpora-

tion is a publicly-listed

company which specialises in health care and sickness insurance.

The company said the deal with Skandia would enable it

pensation policies in California and Arizona, rather than arr anging for another insurance company to issue such policies.

Earlier this year, Skandia announced plans to concentrate on its core businesses of direct non-life insurance and life assurance for individuals and small or medium-sized companies.

In July, Skandia registered an initial public offering (IPO) of 30 per cent of the shares in Skandia America, its US subsidiary which includes its reinsurance operations.

Skandia said it plans to go ahead with the IPO, but added that a date has not yet been

Comparex lifts turnover by 3% but stays gloomy about full year

COMPAREX, the mainframe computer subsidiary of the German chemicals giant BASF, managed modest growth in the first half of the year, in spite of deteriorating market

Mr Rolf Brillinger, Comparex CEO, said that turnover rose 3 per cent to reach DM536m (\$380.10m), compared with DM522m in the same period last year.

The company does not disclose half-yearly profit figures, but it is thought to have made

other European-owned mainframe manufacturers, which have been reporting heavy

Mr Brillinger was pessimistic about the outturn for the whole year, citing economic weakness, lack of capital investment and fiercer competition.

He also pointed out that the computer boom in Germany following unification had been short lived and a backlog of demand for Comparex's new high-end machines was now satisfied.

The company markets mainframe computers which are

functionally identical to those made by International Business Machines, the US-owned market leader. Comparex's mainframes are manufactured by Hitachi of Japan.

The market for mainframes computers is stagnating as customers seek cheaper solutions based on personal computers and work-stations. Comparex, however, also markets computer peripherals and is seeking to increase the proportion of its revenues derived from computing services. In the half year, turnover from services came to DM105m or 20 per cent

Simint advances slightly to L17.48bn

By Haig Simonian in Milan

SIMINT, the Italian clothing group partly owned by Mr Giorgio Armani, reported virtually unchanged net group profits of L17.48bn (\$14.83m) for the year to April 30 against L17.23bn the previous

The group, which is pushing ahead with an ambitious expansion drive in the US by opening a new chain of casual clothing stores under the Armani Exchange (A/X) brand

name, raised sales by 6.4 per cent to L352.9bn. The increase stemmed from a mixture of early receipts from the US initlative and higher sales in European markets.

Plans are afoot to expand the A/X venture to Europe next year, but no details of the store openings or locations have yet emerged.

Simint manufactures casual wear for the Armani group, as well as producing casual and childrens' clothing for a number of other well-known

Italian designers and manufacturing for its own branded

The dividend for the company's shares, which earlier this vear started trading in the form of American Depository Receipts in the US, remains unchanged at L150 a share for both ordinary and preference

Profits before tax showed a more substantial increase than at the net level, with a 13.2 per cent rise to L23.06bn from L20.36bn the previous year.

ING seeks No plans for an M&A takeover seat on board of BBL

THE Netherlands banking and insurance group Internatio-nale Nederlanden Groep (ING) said it is seeking board repre-sentation at its takeover target Banque Bruxelles Lambert (BBL), possibly through a vote at today's extraordinary shareholders' meeting of the Belgium bank, Reuter reports from Amsterdam.

ING said yesterday that it has urged BBL's chairman that it should be directly represented on the bank's board". This would help it create a co-operation pact with BBL on banking and insurance.

ING said last week it planned to offer at most Bf3,600 (\$117) a share in a friendly takeover bid for Belgium's second largest bank. ING, which already has an indirect 10.03 per cent stake in BBL, will make a final decision on the bid by mid-

A seat on the BBL board would give the Dutch group additional muscle to achieve

But analysts doubted a seat for ING would tip the balance of power on the 27-member

Kingfisher in front at halfway

KINGFISHER, one of the UK's biggest retailing groups, reported higher than expected interim profits of £64.9m (\$122.8m), representing a 4 per cent gain before tax and exceptional items.

But the headline figure disguised a 10 per cent fall at the pre-interest level as profits at the B&Q DIY chain were eroded by a fierce discounting war. Strong cash generation reversed the company's interest position yielding a £400,000 contribution against a £9.1m charge. Lex, Page 16

Rumours of a power struggle between Deutsche Bank and Morgan Grenfell are unfounded, Ronaldo Schmitz tells David Waller r John Craven, chair-man of Morgan Grenfell, the Londonbased merchant bank bought by Deutsche Bank in January 1990, can rest assured: Ronaldo Schmitz, head of corporate finance at Deutsche and chief of its expanding North American operations, is not trying to wrest control of the UK merchant banks's mergers and acquisitions activities "It is not true," Mr Schmitz says, rejecting local press reports that he and Mr Craven

Ronaldo Schmitz: a fusion of Morgan Grenfell's M&A

The Brazilian-born Mr Schmitz can also claim to be the only board member to have had experience of being a bank's corporate customer. Highly regarded in the international financial community, he left BASF only after losing out in the race to succeed Mr Hans Albers as chief executive.

Given his background, Mr Schmitz is well-placed to com-ment on the often controversial relations between the Deutsche Bank and German industry.

A network of large industrial holdings (notably the 28 per cent direct stake in Daimler Benz, Germany's largest industrial group), combined with the seats taken by Deutsche Bank directors on the supervisory boards of dozens of big companies, often gives the impression that the bank tells German industry what to do, rather than the other way

round. "If the number of supervisory board memberships we have relays the picture of a very significant power being wielded by the Deutsche Bank, it is wrong," Mr Schmitz says. "Even the treasurers of very small companies give us a very hard time. If you look at the companies we have a stake in, and how they behave when seeking a bank service, they play us off against our competitors whether or not we are on the board. It would be shortsighted or even foolish to try to gain business via our board members.

"As for the stakes themselves, many were acquired decades ago as a result of underwriting exercises - rather than as the result of any conscious investment decisions. The result is that the bank is close to a number of industries and in order to protect its investments it has to understand the companies involved. This adds a lot of value and intelligence to what we do.'

i commercial grounds, Mr Schmitz thinks that the industrial holdings should be sold, as the proceeds could be better invested elsewhere. However he says that in practice this is impossible, for tax reasons.

The extensive cross-holdings often serve to protect German companies from the threat of takeover, a threat further reduced by voting restrictions which curb shareholders' influence over the companies in which they have stakes. A good example is the Continental tyre company, where Deutsche and Morgan Grenfell have played a controversial role in preventing Pireili exercising its full voting rights.

Mr Schmitz believes that the best defence for company management - in Germany as elsewhere - is "aggressive management of the business combined with an open infor-mation policy". But he says that Deutsche will not abandon its own shareholder voting restrictions until Germany has international standards of dis-

closure and takeover rules. If the bank cannot wash its hands of its corporate investprocess of disintermediation, which in Germany is slowly leading to a reduction of German companies' traditional dependence on bank finance.

Mr Schmitz points to the bank's central role in the founding of the German commercial paper market last year, This market has grown rapidly to become the fourth largest in Europe, with the total value of programmes likely to rise to DM50bn by the end of the year.

As head of the 274-person

As head of the 274-person strong corporate finance department, Mr Schmitz has twin priorities. One is to develop the hank's financial structuring activities — "using our financial engineering skills as opposed to marketing commodity capital market prod-ucts, an area which is becoming increasingly competitive day by day". The other is to develop the bank's equity business across the whole of Europe: "Here in Germany we are an equities powerhouse but not outside Germany, and this has to change."

His other main manageme responsibility is North America, where the bank employs more than 1,000 people and has tripled its assets to \$14bn since 1990. Here, he says, "there have never been better opportunities for foreign banks than at present... we have a strong balance sheet and so we can say that we are ready to lend a rare commodity in North America these days, so it opens doors for us. But we are hoping to do far more than plain

vanilla lending". The change from industry to banking has not been traumatic, he says. The people are equally dedicated, the manage-

ment issues similar. The big difference is, of course, working with money rather than chemicals. "Chemi cals smell, money doesn't," he

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Embankment Place Limited Partnership

£125,000,000 First Mortgage Financing for the refinancing of

> **Embankment Place London WC2**

> > DUMAS WEST & CO

Dumas West & Co acted as Exclusive Financial Adviser to Greycoat PLC for the transaction.

Dumas West & Co is a limited partnership affiliated with US WEST.

July 1992

U.S. \$400,000,000



Santander Financial Issuances Limited

Subordinated Undated Variable Rate Notes with payment of interest subject to the profits of and secured by a subordinated deposit with Banco de Santander, S.A. de Crédito (Incorporated in Spain with limited liability)

Notice is hereby given, that for the Interest Period from September 16, 1992 to December 16, 1992 the Notes will carry an Interest Rate of 3.9375% per annum. The amount of interest payable on December 16, 1992 will be U.S. \$2,488.28 per U.S. \$250,000

By: The Chase Manhattan Bank, N.A. London, Agent Bank

September 16, 1992

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CENTRAL-EUROPEAN INTERNATIONAL BANK LTD USD 30.000.000 FLOATING RATE NOTES **DUE 1996**

Notice is hereby given that pursuant to paragraph 6(b) Redemption at Noteholders Option", of the Terms and Conditions of the Notes, all the outstanding Notes for a nominal amount of USD 13.000.000 has been presented for redemption on the Interest Payment Date falling on October 21, 1992. THE PRINCIPAL PAYING AGENT

SOGENAL SOCIETE GENERALE GROUP 15, Avenue Emile Reuter **LUXEMBOURG**

MARINE MIDLAND BANKS, INC. Roating Rate Subordinated Notes Due 2000 interest flate

U.S. \$200,000,000

interest Amount por U.S. 550,000 Note due 18th December 1992 U.S. 5883.54 Credit Suites First Beston (Justical

It accordance with the conditions of the notes, notice is hereby given that for the three-month period 16th September 1992 to 16th De-

FLASH LIMITED SERIES G U.S. \$30,000,000 Secured Floating Rate Notes

cember 1992 (91 days) the notes will carry an interest rate of 3.29063% p.a. Relevant interest payments will be as follows: Notes of U.S. \$100,000 U.S. \$831.80 per coupon. THE SANWA BANK LIMITED

Agent Bank

GREEK EXPORTS S.A. ANNOUNCEMENT

GREEK EXPORTS S.A., registered in Athens, (17 Panepistuniou Street) and legally represented, in its capacity as liquidator, in accordance with article 46a of Law 1892/1990, supplemented by article 14 of Law 2000/1991,

a public tender for the highest bid for the purchase, is toto, of the assets of HELLENIC TEXTILES S.A., registered in Athens at 13 Amenikis Street, the factory is sinated at 54 Kifisson Avenue near the crossroad with Lenoman Street, the industrial complex has been built on a plot of 31,511 m² in area and the buildings stand on an area of 19,383 m² of the plot while the total covered area of the complex is 28,412 m².

TERMS OF THE TENDER

1. For this purpose, interested parties are invited to receive from the liquidator the Offering Memorandum and submit a sealed, binding offer the notary public appointed to the tender, Mrs. Panayota Spyridonos Strassinopoulou, neef Panayoton Efstathiou, 71-73 Acadimias Street, Athens, 7th floor, tel. 30-1-361.1965 up to 6th October 1992.

Bids must be submitted in person or by a legally appointed representative.

2. The bids will be unsealed before the above notary on 8th October 1992 at 1000 hours with the liquidator in attendance. Bidders who have submitted their offers within the prescribed time limit may also attend Bids submitted beyond the prescribed time limit are not accepted and will not be considered.

The sealed offers must clearly state the purchase price offer

3. The scaled offers must clearly state the purchase price offered for the assets, in toto, of the company, and must be accompanied by a letter of guarantee from a bank legally operating in Greece to the amount of a hundred and fifty million drachmas (150,000,000 dra.) or its equivalent in US dollars (U.S.S).

In the event that the highest bidder fails to appear and sign the relative sales contract within thirty (30) days from being invited to do so by the liquidator, or fails to abide by the obligations accuraing from the present announcement, the above amount of one hundred and fifty million drachmas (150,000,000 drs.) deposited in guarantee, is forfeited in favour of the liquidator to cover all expenses of any kind and time spent, and any actual or hypothetical loss, without any obligation to give an accounting or consider has been forfeited as a penalty clause, and collect it from the guarantor bank.

guarantor pans.

Guarantees deposited for participation in the tender are returned to the other participants after the evaluation report has been approved and the adjudication to the highest bidder has been ratified by 51% of the

4. The highest bidder is the person whose offer has been so judged by the liquidator and approved by 51% of the creditors as being in their best interests.

interests.

5. The biquidator has no liability or obligation to participants in the tender, both with regard to the drafting of the evaluation report and to the proposal of the highest bidder, Also, the liquidator is not liable and has so obligation towards participants in the tender in the event of its cancellation or repetition, if the results should be deemed unfavourable by the creditors.

6. Those taking part in the tender and submitting offers do not acquire any right or claim accruing from the present tender or the adjudication to the highest bidder, against the liquidator and the creditors for any reason or cause. for any reason or cause.

for any reason or cause.

7. Transfer expenses (taxes, siamp duty, notary and mortgagor less and other expenses for drafting topographical plans in accordance with Law 651/77, etc.) are borne by the buyer.

8. Given the fact that the Court of Appeal's decision calls for the liquidation of the company while "it is operating", it is bereby made known that the company's assets will be transferred to the highest hidder at the stand and as depicted in the company's books on the day the sale contract is signed. It is reminded that in accordance with the provisions of paragraph 4 of article 46s of Law 1892/1990, suppliemented by article 14 of Law 2003/1991, interested parties can have access to any information they may require on the company for sale.

2000/1991. interested parties can task acceptance on the company for sale.

For any information, interested parties can apply to: a) The Head Office of ETBA S.A., Directorate of Participations, Tel. 30-1-929,4395 & 30-1-324,4396.b) GREEK EXPORTS S.A., Tel. 30-1-324,3111 to 324,3115 GREEK EXPORTS S.A.

25,500,000 HMC MORTGAGE ASSETS 102 PLC Class 8 Mortgage Backed Floating Rate Notas due March 2021

Notes due March 2021
For the Inlarest Period from September 14, 1992 to December 14, 1992 to December 14, 1992 the Note Rate has been determined at 11,15% per annum. The Interest payment date, December 14, 1992 will be 52,772.27 per £100,000 nominal emount.

By: The Chase Manhattan Basis, M.A., London, Agent Basis
Soptember 18, 1992

HMC FINANCING 3 PLC Class A Mortgage Backed Floating Rate Notes due December 2018 For the Interest Period from September 14, 1992 to December 14, 1992 to December 14, 1992 the Note Rate has been determined at 10.6825% per samum. The interest payeble on the relevant interest payeble on the relevant 14, 1992 will be \$1,121.88 per 242,317.52 nominal amount. By: The Chase Manhettae Back, N.A. London, Agent Bank

£75,000,000

INTERNATIONAL COMPANIES AND FINANCE

Bloomberg to tune radio listeners into stock prices

Patrick Harverson examines the rapid expansion of a US financial news and information group

Shares in Amdahl plunge on loss warning

By Louise Kehoe In San Francisco

AMDAHL'S stock price plunged yesterday after the computer manufacturer warned that it expects to report an operating loss for the current third quarter.

Amdahl, which manufactures IBM-compatible mainframe computers, said there had been an unexpected fall in demand for its latest models.

The company's stock lost one third of its value to trade at around \$10 at midday, down from a Monday close of \$15. Concerns about the outlook for mainframe computer sales also dragged IBM's share price down to 886% from \$88%.

Amdahl expects third-mar-

Amdahl expects third-quarter losses of 10 cents to 20 cents per share, but notes that because a large number of shipments typically occur late in the quarter, it is not possible to give a precise forecast.

The company anticipates that revenues will fall below the second-quarter level of \$693m, when Amdahl benefited from strong demand for mainframe products introduced earlier in the year.

"We are witnessing a defer-

ral of customer buying decisions because of tough economic times," said Mr Joseph Zemke, president and chief executive.

"Although some improvement in revenues and margins is expected to return us to profitability in the fourth quarter, we do not anticipate substantial growth until these economic fundamentals change."

Thai bank in takeover talks

FIRST Bangkok City Bank has approached Wing On Bank, the Hong Kong retail bank, with an expression of interest in a friendly takeover, Reuter reports from Bangkok First Bangkok City told the Stock Exchange of Thailand it has appointed financial advisers to help negotiate with Wing On's main shareholders.

Bloomberg paid \$13.5m for WNEW AM, one of New York's most famous music radio stations, there was no shortage of people – from the security guard at his Park Avenue office to the Korean newsagent near his home –

asking him for a job.
"Everybody, it seems, wants
to be a disc jockey." Mr Bloomberg said resignedly after the
acquisition was announced.
Disc jockeys, however, do

The day after Mr Michael

Disc jockeys, however, do not figure in the station's future. Sinatra will be replaced by stock prices. WNEW will become WBBR (Bloomberg Business Radio), and a fast-growing financial news and data company, Bloomberg Financial Markets, will have taken another step forward.

Mr Bloomberg's journey began in 1981 when he was fired by Wall Street securities house Salomon Brothers over differences with the management — he kept telling them how to do their job.

The day after he left Salomon, he began his search on Wall Street for someone to back his company, which would supply dealers and investors with electronic data on financial markets. The only firm interested was Merrill Lynch, which took a 30 per

cent stake in the tiny venture.
Today, Merrill's investment
has paid off handsomely.

More than 20,000 customers around the world have Bloomberg's terminals on their desks. They cost \$1,100 a month to rent, which brings in annual revenues of \$264m.

The growth rate of new rentals has never been higher, with customers attracted by the system's easy-to-use analytical capabilities and its reputation for service. A year ago Bloomberg was renting 325 new terminals a month, today it rents 625 a month.

Apart from its terminals.

which carry a huge range of market prices, statistical data and analytics, Bloomberg runs a financial newswire service and it publishes specialist newsletters and a glossy magazine for its customers.

Despite an impressive growth record, Bloomberg remains one of the smaller

players in the \$4.5bn electronic information business.

Reuters dominates the market with more than 200,000 terminals. Second is Telerate, which is owned by the Dow Jones company and has about 90,000 terminals, and third biggest is Citicorp-owned Quotron, with about 55,000 terminals. In the newswire business,



Michael Bloomberg: 'We are a one product company'

Bloomberg not only has to contend with Reuters and Dow Jones, but also Knight-Ridder.

seeking to stretch the technological boundaries, Bloomberg plans later this year to provide its customers with an audio and video capacity on their terminals. Users will be able to hear the news, interviews and speeches of the day direct from their screens, accompanied by static pictures of relevant material. Sitting in his Park Avenue office surrounded by framed profiles from the pages of US

newspapers and magazines. Mr

Bloomberg displayed obvious

pride in his company's achievements. Yet despite his forays into news journalism, publishing and now broadcasting, he insists the terminals remain the most important part of the Bloomberg machine. "The radio station is a natural extension of our business,"

says Mr Bloomberg. "It is designed to enhance the reputation of our news product, which is only available over our terminals. It all fits together. "In the end, what drives this company is renting terminals. That's the way we make a living. The magazine helps that, the radio station will help that." Never one to

shy from loudly criticising his competitors. Mr Bloomberg argues that many of the problems they have encountered - Quotron has been a huge drain on the resources of its parent, Citicorp, while Telerate has struggled to keep its customers in the face of heightened competition - can be traced to the fact that the parent companies have lost sight of what they are selling.

are selling.

He says: "We are a one product company. Take a look at Dow Jones, they are a one product company, and the product is the Wall Street

"They just either didn't realise it, or maybe realised it and made a mistake, but Telerate never helped the sales of the Journal - that's the cash cow. In our case the radio station and magazine are designed to help sell our product."

Bloomberg's rivals have not stood idly by watching the new upstart steal their business. Reuters launched its Decision 2000 analytics package last year, Telerate has won some plaudits with its new Matrix system, and EJV, a joint venture between six big Wall Street securities houses, will soon be selling its own product, UniVu.

With its open architecture,

UniVu can take data and analytics from any number of sources, striking at the heart of Bloomberg's biggest weakness - the fact that because it is a closed system, customers can only use the calculations and formulas for analytics provided by Bloomberg. To use anything else, they have to turn to a different terminal.

his is a source of frustration to many users, who increasingly want everything housed in one terminal

Ms Patricia Zlotin, an investment manager with Massachusetts Financial Services in Boston says: "We're looking for something that can intoract and be combined with other systems. The stand-alone systems will lose market share as space on desks becomes more of a premium."

Mr Bloomberg, however, confidently dismisses criticisms that his machines are inflexible. "We are close to completing a system that will allow anyone to run their analytics on our system using our data, our calculation libraries, our communication system ... that is the openness that the users really want."

Continental Can bought by former president

By Martin Dickson in New York

MR DONALD Bainton, who resigned as president of Continental Can company nine years ago after a disagreement over the company's strategy, is getting belated revenge by buying back the name of the largely dismembered group from its current owner, the diversified Pleter Kiewit

Mr Bainton will use Continental Can as the new name for Viatech, a packaging company with significant European interests which he has built up since the mid-1980s.

He also announced that Viatech, which is currently quoted on the American Stock Exchange, would seek a listing under its new name on the larger New York Stock

The company has also signed an agreement to raise from 50 per cent to 100 per cent its stake in Plastic Containers, a joint venture with Mexico's

Zapata packaging family.
Plastic Containers is a vehicle used in 1991 for the \$153m purchase of Continental Plastic Containers, a US company which is the last remaining packaging unit of the old Continental Can

Mr Bainton, 61, says he is keen to build up Continental into a much larger packaging company by making further

acquisitions.

In 1984 - a year after Mr
Bainton resigned from
Continental Can - the
company was sold to Peter
Kiewit, which has since
disposed of many of the
company's subsidiaries.

After leaving Continental Can, Mr Bainton joined Viatech, an engineering company in which his brother had a significant interest, and moved it into packaging through the acquisition of Germany's Dixie Union Verpackingen, Spain's Onena Bolsas de Papel, and France's Ferembal. Mr Bainton and his brother hold 42 per cent of the stock of Viatech.

Data General in disk drive push

By Louise Kehoe

DATA General aims to seize a leadership role in the emerging market for disk arrays, a new type of mass data storage system that is gaining popularity as a lower cost alternative to high-capacity computer disk drives in corporate data cen-

Yesterday, the minicomputer manufacturer, which is struggling to achieve consistent profitability after more than three years of heavy losses, launched a range of disk array products designed to work with competitors' computer systems.

Data General has been selling disk array systems with its own open-systems minicomputers or "servers" for the past 18 months. Starting in November, the company will offer similar disk systems for use with IBM's RS/6000 systems and Sun Microsystems' Sparc Servers. These will be followed by disk systems for use with Hewlett-Packard, Unisys and ICL server computers.

The move represents a bid to build revenues by exploiting its lead in disk array technology beyond the company's own relatively limited base of computer customers.

Disk array systems, also

known as Redundant Arrays of Inexpensive Disk (Raid) systems, are made up of an array of small disk drives of the type commonly seen in personal computers. They are capable of storing vast quantities of data at a fraction of the cost of large disk systems.

A significant advantage of Raid systems is reliability. Employing sophisticated duplication techniques, Raid systems can ensure that data is not lost even if part of the array fails. Raid is upsetting the status quo in data storage technology just as microprocessors have brought wrenching changes to computing.

"In much the same way that PCs and workstations have brought inexpensive compute-intensive applications to the user, this new technology should bring data-intensive applications, such as video, voice, imaging and multi-media to the user as well," added Mr Thomas West, senior vice president, who will head a new business unit at Data General targeting the disk array mar-

Xerox unveils full-colour office copier

By Martin Dickson

XEROX, the US documentprocessing company, yesterday unveiled eight new products, including a machine which it claimed enabled businesses to print full-colour documents in their offices, rather than relying on outside print shops. Over the past two years Xerox has moved into the emerging market for full-col-

technology, rather than the traditional light-lens method. Xerox said its 4700 printer was the first digital laser printer connected to an office computer network, and could be used to produce full-colour, assembled documents.

our printing. It uses digital

Magna International's profits triple in quarter

By Robert Gibbens in Montreal

MAGNA International, Canada's biggest independent car parts maker, tripled fourth quarter net profits and expects to benefit from a 5 to 10 per cent rise in north American car production in fiscal 1993.

car production in fiscal 1993.

Profits for the fourth quarter
to July 31 were C\$31,3m
(U\$\$25.8m), or 82 cents a share,
up from \$11.6m, or 41 cents a
share, a year earlier, on sales
of \$625m, up 16 per cent.

Two years after a brush with failure, the restructured Magna reported a profit of \$98m, or \$2.91 a share for the full year, up sixfold from \$16.5m, or 59 cents a share a year earlier. Revenues were \$2.4bn, up 17 per cent.

Magna attributed the strength in sales to rising north American vehicle output and growth in the company's average production content. Magna also operates several European plants.

Profits gained from higher plant operating rates and lower interest costs. Debt has been halved to \$274m, including a \$165m convertible debenture. Magna plans to apply for a New York Stock Exchange quotation. It is paying a 10

cents a share dividend on the A and B stock on October 16.

• Lac Minerals, a Canadian gold producer, is buying 52 per cent of the high grade Lisheen zinc lead property near Kilkenny, in Ireland, from Chev-

ron Corp for US\$70m.

This announcement appears as a matter of record only.



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September, 1992 This announcement appears as a matter of record only

GREEK EXPORTS S.A. ANNOUNCEMENT

OF A PUBLIC TENDER FOR THE HIGHEST BID GREEK EXPORTS S.A., registered in Athens, (17 Panepistimion Street) and legally represented, in its capacity as liquidator, in accordance with article 46a of Law 1892/1990, supplemented by article 14 of Law

ANNOUNCES

A public tender for the highest bid with sealed, binding offers for the purchase, in toto, of the assets of GENERAL INDUSTRIAL ENTERPRISES - VEPOL S.A., registered in Athens at 13 Amerikis Street and engaged in the processing and standardisation of fruit and gardening roducts. The factory is situated on the Varria-Edessa national road on a self-owned plot of land of 11.7 acres. A neighbouring plot of land of 3.2 acres is also owned by the factory. The buildings have a total area of $10,400\,\mathrm{m}^3$

TERMS OF THE TENDER . For this purpose all interested parties are invited to receive the Offering demorandum from the liquidator and submit a sealed, binding offer to the notary public appointed to the tender, Andriani Dimitra Zapheiropouloupoulou, 61 Stadium Street, Athens, 3rd floor, Office No. 4, tel. 30 1 321,9801, 321,4925 and 721,1896 and who from 5th October 1992 is oving to 18 Vukurestion Street with the same telephone numbers and also 30 1 361.8249, up to 14th October at the latest. Bids most be submitted in

person or by a legally appointed representative.

2. The bids will be unsealed before the above notary on 15th October 1992. at 1900 hours with the liquidator in attendance. Bidders who have submitted their offers within the prescribed time limit may also attend. Bids submitte beyond the prescribed time limit are not accepted and will not be considered 3. Scaled offers must clearly state the purchase price offered for the assets in toto, of the complany, and must be accompanied by a letter of guarantee from a bank legally operating in Greece to the amount of fifty million drachmas (\$0,000,000 drs.) or its equivalent in US dollars (U.S.\$). In the event that the highest bidder falls to appear and sign the relative sales contract within thirty (30) days from being invited to do so by the liquidator, or fails to abide by the obligation accruing from the present announce the above amount of fifty million drachmas (59,000,000 drs.) deposited in guarantee, is forfeited in favour of the liquidator to cover all expenses of any kind and time spent, any any actual or hypothetical loss, without any obligation to give an accounting or consider it has been forfeited as a penalty clause, and collect it from the guaranter bank. Guarantees deposited for participation in the tender are returned to the other participants after the evaluation report has been approved and adjudication to the highest bidder has been ratified by 51% of the creditors.

4. The highest bidder is the person whose offer has been so judged by the liquidator and approved by 51% of the creditors as being in their best

5. The liquidator has no liability or obligation to participants in the tender both with regard to the drafting of the evaluation report and to the proposi of the highest bidder, Also, the liquidator is not liable and has no obligation towards participants in the tender in the event of its cancellation or repetition, if the results should be deemed unfavourable by the creditors. 6. Those taking part in the tender and submitting offers do not acquire any right or claim accruing from the present tender or the adjudication to the highest bidder, against the liquidator and the creditors for any reason or

7. Transfer expenses (taxes, stamp duty, notary and mortgagor fees and other expenses for drafting topographical plans in accordance with Law 651/77, etc.) are borne by the buyer.

8. Given the fact that the Court of Appeal's decision calls for the liquidation of the company while "it is operating", it is hereby made known that the company's assets will be transferred to the highest bidder as they stand and as depicted in the company's books on the day the sale contract is signed. It is reminded that in accordance with the provisions of paragraph 4 of article 46a of Law 1892/1990, supplemented by article 14 of Law 2000/1991. interested parties can have access to any information they may require on the

For any information, interested parties can apply to a) The Head Office of ETRA S.A., Directorate of Participations Tel. 30-1-929,4395 & 30-1-929,4396

b) GREEK EXPORTS S.A., Tel. 30-1-324.3111 to 324.3115 GREEK EXPORTS S.A.

INTERNATIONAL COMPANIES AND FINANCE

Wharf invests in central China

One of Hong Kong's corporations is shaking off its sleepy image and going where few have gone before, writes Simon Davies

ir Yue-Kong Pao, the Hong Kong businessman, spent more than 40 years rebuilding the corporate empire he lost when he fled from the Communist takeover of Shanghai.

Under the helm of his son-in-law Mr Peter Woo, another Shanghai refugee, his empire is now returning to the city at the mouth of the river Yangtze with a pocket full of hard currency.

The news that one of Hong Kong's leading corporations is pouring money into mainland China is no longer a surprise but the fact that it is Wharf (Holdings) that is doing so is

Wharf has for some time been the sleeper among the col-ony's four big "hongs". Its corporate image has been associated with assets such as the Star ferry, tramways and its ageing low-rise skyline properties in Kowloon, rather than Hong Kong island's gleaming skyscrapers and frenetic trading businesses.

Even when Wharf made moves to shake off this drowsy image, such as its recent HK\$1.5bn (US\$194.86m) push into cable television, it had little success. Its consortium crumbled in the face of Hutchison Whampoa's push into regional satellite television and a confused government broadcasting policy.

Mr Woo took over the chairmanship of the group in 1986, when Sir Y.K. divided his empire among his son-in-laws, but he was regarded inevitably as only a puppet for the great

Colleagues say he has a hands-on approach to management, but the presence of the conservative patriarch looking over his shoulder was a compelling influence.

Since Sir Y.K.'s death last September, there is no question of who is boss, and Wharf's corporate slogan, 'Quiet dedication is our philosophy", is beginning to look decidedly out of place.

Mr Woo feels it is the responsibility of Hong Kong's leading corporations to stake out the colony's future after China becomes its sovereign power on July 1 1997.



"When I went to Beijing, my discussion with the leadership was that to go to the next level of development, the focus and emphasis must be on how to mobilise the resources of central China. To do that, you need transportation and energy," said Mr Woo; his company is going to provide

He admits that the reputation of his father-in-law helped get him access to the very top, in this case Premier Li Peng. Having gained approval for its plans for central China, Wharf is moving rapidly.

The conglomerate is looking to Wuhan, the central Chinese city which lies at the intersec tion of the country's main eastwest axis, the Yangtze river, and the main north-south axis of the Beijing-Guangzhou (Canton) railway. This location makes it a logical third point of a Hong Kong-Shanghai-Wuhan triangle, which will be the main focus for Wharf's

Wharf is already renovating a hotel on the waterfront in

power project in the city. It also plans to set up a transport hub there, with a river port, airport and an upgraded railway station providing outlets for a container port which will process the resources of the surrounding provinces.

A high-speed railway will link this hub with Hong Kong's container terminal, where Wharf is the leading shareholder of the colony's second largest terminal operator.

Wharf has also signed letters of intent for big property and infrastructural projects in order to build a presence in Shanghai.

t is an alluring vision. Hong Kong was the catalyst in the expansion of Guangdong province, arguably the fastest growing economy in the world over the past decade. Other property developers are cashing in on this by building cheap flats, but Wharf aims to spearhead the push further

One group of individuals

which has so far remained unimpressed by this vision is the Hong Kong brokerage community. "Wharf is a solid prop-erty story which has been clouded by infrastructure," was the reaction of one ana-

However, Morgan Stanley, the US investment bank, estimates that between 1992 and 1995 property investment earnings will increase 68 per cent to HK\$2.5bn, representing 69 per cent of pre-tax profit. With that level of recurrent income, Wharf could be forgiven for looking for some higher-reward projects to spice up the longerterm outlook

Cable television has been one diversification, which has provided little return apart from uncertainty; projects in Wuhan and Shanghai should prove more attractive - if an equally long-term use of Wharf's resource base - since it is sticking to areas it already understands: property and infrastructure.

Mr Woo said Wharf is looking at large-scale projects in which it will form consortia to limit its exposure and bring in outside expertise. "The main role we would hope to play is as a useful and positive catalyst," he said, suggesting that Hong Kong and other multinational companies would be offered participation.

The group's Chinese exposure will be limited to between 10 and 20 per cent of assets, while Mr Woo said the company would not exceed HK\$1 of debt to every HK\$2 of equity.

Wharf has an estimated net asset value of close to HK\$50bn. This is an asset base offering significant redevelorment potential, since the closure of Kai Tak airport in 1997 will allow increased height limits for buildings in Kowloon, where Wharf is the main land lord. The company can there-

fore afford to take big bets. Mr Woo has already experienced big risks, when he left Shanghai in the 1940s. "When you look at the fundamental economic trend [in China], it is an attractive slope up. Along that slope there will be economic hiccups, but you just have to plan for that," Mr Woo

Foster's deficit disguises strong breweries side

FOSTER'S Brewing, the Australian beer company, yesterday reported a fall into net loss for the year to June. However, the result, following A\$1.19bn (U\$\$872m) asset write-downs, disguised a strong performance by the mpany's breweries.

The group's directors announced it had turned net profits of A\$234.4m into losses of A\$950.8m for the 12 months, on a fall in sales to A\$10.37bn from A\$10.63bn. The final dividend is being omitted. The result followed abnormal losses of A\$1.31bn, mainly

reflecting write-downs of A\$1.19bn affecting the compa-ny's pastoral, finance and investment operations. But brewing profits before

cent, with UK-based Courage emerging as the company's strongest performer. Gross brewing profits rose to \$551.9m from A\$488.2m, with Courage lifting its contribution to A\$242.4m from A\$167.9m. This comfortably exceeded

earnings from the Australianbased Carlton and United Breweries, down to A\$189.5m from A\$231.8m, with Canadianbased Molson Breweries up to A\$119.9m from A\$88.5m. Directors said Courage had

consolidated its position as the UK's second largest brewer after the 1991 purchase of Grand Metropolitan's brewing

"Trading conditions in the UK continue to be depressed by the recession. However, Courage is determined to with-

retention and growth in both on and off-trade sectors," the directors said. "In continental Europe, Courage's business continues to flourish, led by a comprehensive marketing approach to Foster's which had a 14 per cent increase over 1991 Almost A\$840m of the write downs announced yesterday

stand market pressures and is

now structured for business

came in Foster's finance division, mainly reflecting its expo-sure to property markets. But another A\$228m came from innirepreneur Estates, the company's pub joint venture in the UK with GrandMet.

The directors said Inntrepreneur, which operates about 7,000 pubs, had been hit by recent legislative changes requiring the disposal of a significant numbers of pubs.

The group has also been affected by falling beer consumption and a recession in property markets. The directors said a pub valuation in January this year had reduced values by an average of 3.2 per cent. Given an expected further decline in pub values, a A\$228m provision against the value of Courage's investment in Inntrepreneur reflected the present and medium-term view

of value, they said. Grand Metropolitan, the UK food, drinks and retail group which is Foster's 50:50 partner in Inntrepreneur Estates, said that Foster's provisions brought its accounting treat-ment in line with UK standards. GrandMet said it did not need to make any new provisions against its stake.

Samsung buys brokerage stake

SAMSUNG, South Korea's largest conglomerate, is about to acquire a stake in Kukje Securities, the local brokerage, to give it a footbold in the securities husiness. Reuter reports from Seoul.

Mr Lee Kun-hee Samsung, chairman of Samsung and four group subsidiaries, will obtain a total of 19.8 per cent, or

1.98m shares, in Kukje Securities for an estimated Won68bn

The group will sign the contract on obtaining government approval, Mr Lee said. A Kukje official said the signing was likely to be on Fri-

Further details were not immediately available.

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We acted as financial advisor to Kmart Corporation

Bear, Stearns & Co. Inc.

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(Registration No. 05/04181/06)

DECLARATION OF DIVIDEND (No. 89) UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the standard conditions relating to the payment of dividend No. 89 declared on 18 August 1992, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R5.3996 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 14 September 1992, as advised by the Company's South African benkers.

The United Kingdom currency equivalent of the dividend (No. 89) of 130 cents per ordinary share is therefore 24,07586 pence per share.

By order of the Board per pro GOLD FIELDS CORPORATE SERVICES LIMITED

London Office: Greencoat House Francis Street London SW1P 1DH 15 September 1992

London Secretaries S.J. Dunning, Secretary United Kingdom Registrar Barclays Registrars Bourne House.

34 Beckenham Road Beckenham, Kent BR3 4TU A MEMBER OF THE GOLD FIELDS GROUP

Bankers Trust New York Corporation

U.S. \$300,000,000 Floating Rate Subordinated Notes due 2000 For the three months 15th September, 1992 to 15th December, 1992 the Notes will carry an interest rate of 5% per annum and interest payable on the relevant interest payment date 15th December, 1992 will be U.S. \$126.39 per U.S. \$10,000 Note and U.S. \$3,159.72 per U.S. \$250,000 Note.

U.S.\$100,000,000 Guaranteed Floating Rate Notes due 1994

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Notice is hereby given that the Rate of Interest has been fixed at 6% and that the interest poyable on the relevant Interest Payment Date, December 16, 1992, against Coupon No. 55 in respect of US\$1,000 nominal of the Notes will be US\$15.17.

September 16, 1992, Landon By: Chibank, N.A. (Issuer Services), Agent Bank **CITIBANCO**

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Agent Bank

WOOLWICH -BUILDING SOCIETY-

£250,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 11th December, 1992 has been fixed at 10.5625% per annum. The interest accruing for such three month period will be £262.62 per £10,000 Bearer Note, and £2,626.20 per £100,000 Bearer Note, on 11th December, 1992 against presentation of Coupon No. 11.



Loudon Branch 11th September, 1992

Mass Transit Railway Corporation (A corporation established by the Mass Transit Railway Corporation Ordinance of Hong Kong)

Floating rate notes due 1995

(or an equivalent amount in U.S. dollars) Medium term note programme HK\$40,000,000

Notice is hereby given that the HIBOR applicable to the subject notes for the period from September 14, 1992 to December 14, 1992 is 3.25%. The inclusive rate is 3.50% Coupon amount payable on December 14, 1992 per HK\$500,000 note is HK\$4,363.01.

Morgan Guaranty Trust Company of New York Hong Kong As HK Reference Agent

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FF 2,000,000,000 Floating Rate Bonds due 1997

Notice is hereby given that for the Interest Period 15th September, 1992 to 15th December, 1992 the Bonds will carry a Rate of Interest of 0.4375 per cent. per annum with a Coupon amount of FF 263.84 per FF 10,000 Bond and FF 2,638.37 per FF 100,000 Payment Date will be 15th December, 1992.

BUILDING SOCIETY ¥13,000,000,000 Floating Rate Notes

Due 1994

ABBEY

NATIONAL

Notice is hereby given that the Rate of interest for the Interest Period from 16th September, 1992 to 16th March, 1993 is 5.15% per annum, Interest payable on 16th March, 1993 will amount to ¥2,553.836 per 100,000,000 principal amount of the Mates.

Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

The Bear Stearns Companies Inc
(A corporation organised under the laws of the State of Delengare, USA)

U.S. \$200,000,000

Floating Rate Notes due 1994

For the three month period 15th September, 1992 to 15th December, 1992 the Notes will carry an interest rate of 35% per annum with an interest amount of U.S. \$85.31 per U.S. \$10,000 Note payable on 15th December, 1992.

Bankers Trust Company, London

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High-yielding sectors come under selling pressure

By Antonia Sharpe and Tracy Corrigan in London and Alan Friedman in New York

MONDAY'S gains following the Bundesbank's interest rate cut and the devaluation of the lira were retraced yesterday as high-yielding markets came

under heavy selling pressure.

The sell-off in the markets
perceived to be most vulnerable to devaluation, such as Italy, the UK and Sweden, came in spite of the results of

GOVERNMENT BONDS

two private polls commissioned by banks, which showed a narrow Yes majority for Sunday's French referendum on the Maastricht treaty.

■ITALIAN bonds shed 1% points as the lira came under renewed pressure, despite Sunday's 7 per cent devaluation. The market lost most of the gains recorded on Monday, in the wake of the Bundesbank's

interest rate cut. Far from being able to cut their own rates, as the Italian authorities had hoped, the Bank of Italy had to intervene in the foreign exchange market to support the lira. Fears that a

Repsol to delay

10% equity sale

second devaluation may be peeded sparked a further crisis of confidence in the Italian bond market yesterday. "There were no buyers yesterday, and there will not be any at least until the end of the week," said one Italian bond trader.

Rumours, later proved false. that Mr Guiliano Amato, Italy's prime minister, was to resign, further unsettled the market. The Italian BTP future on Liffe ended at 92.02, down

■ UK GILT prices ended a point lower, after sterling came under renewed pressure. The over sterling. The short-sterling contract on Liffe ended at 89.15, discounting almost a full point rise in the base rate, as dealers speculated that a hike of as much as one percentage point could come by the end of

Weak producer prices data did not restore spirits, though attention was focused on the foreign exchange market.

■SWEDISH yields jumped in nervous trading on fears that the central bank would lose the battle with the foreign

weakness of the lira, and rumours of a devaluation of the Swedish krona fuelled fears

exchange market over the

BENCHMARK GOVERNMENT BONDS Yield ago Month ago 8 73 8 55 Price Change 12 000 10/02 107.2421 BELGIUM 8.750 08/02 100.3500 -1.100 8.59 8.85 8.99

CANADA ' 8,500 04/02 107,0300 -1,250 DENMARK 9.000 11/00 97.9200 -0.300 9.57 9.52 9.53 8.500 03/97 97.6928 -0.175 8.500 71/92 98.7750 -0.135 9 06 8,67 8.000 07/02 102.6650 +0.010 7.60 7.78 12 000 05/02 90.9500 -1.904 14.18† 14.30 13.79 4.800 06/99 100.2047 -5.500 03/02 104.1264 -0 130 4.76 4.65 NETHERLANDS 8.250 06/02 101,4700 +0.120 8.02 8.24 8.31 12.54 12.43 12.07 10 300 06/02 87.8500 -1.250 100-08 -1 7/32 103-04 -1 3/32 100-25 -1 3/32 6.375 08/02 100-00 -14/32 7.250 08/22 99-05 -21/32 6.37 6.61 7.31 7,42 8 500 03/02 95.5400 -0.380

London closing, "denetes New York closing Yields: Local market standard f Gross annual yield (including withholding tax at 125 per cent payable by non-resi Prices: US, UK in 32nds, others in decimal Technical Data(ATLAS Price Sources

krona. Dealers said the market was looking for an early devaluation of the Swedish currency by up to 20 per cent.

Talk of a capital outflow of SKr40bn on Monday prompted rumours that the central bank would have to reverse Monday's cut in the marginal lending rate to 20 per cent from 75 per cent. Official currency flow figures are due today. Dealers said that overnight

money rates were more than

month rates jumped from 17 per cent to 47 per cent. Threemonth T-bills closed up 850 basis points at 27.5 per cent and 11-year bond yields were up 43 points at 11.23 per cent.

■ DUTCH bonds closed about 15 cents higher after erasing modest morning losses. The release of a delicit-cutting budget contained few surprises and did not affect trading. The 8.25 per cent bond due

per cent from 8.04 per cent. The gap between 10-year Dutch and German yields fell further to 41 basis points from 43 ear-

■GERMAN bonds overcame a slightly easier start, as the market consolidated Monday's gains and the Treuhandanstalt issued DM4bn of 10-year bonds to end steady to slightly up.
In the cash market, the nchmark 8 per cent Bunds due July 2002 rose 0.03 to 102.64 to yield 7.60 per cent, while the Liffe December Bund future traded at 90.21 late in the day after Monday's close of 90.16, in

lier in the day.

■ FRENCH bonds drifted for most of the day to end slightly lower. The Treasury announced it was seeking between FFr12 and FFr14bn at its forthcoming auction of new two- and five-year notes, slightly more than the market

volume of 46,580 lots.

had expected.
The 8% per cent OATs of 2003 closed down 0.14 at 98.92 to yield 8.65 per cent compared with 8.63 per cent, while the 81/2 per cent OATs of 2023 fell 0.18 to 98.66 to yield 8.62 per cent. On the Matif, the September bond futures contract

NEW INTERNATIONAL BOND ISSUES

■ US Treasury bonds suffered a double blow yesterday as profit-taking combined with a reassment of the significance of Germany's interest rate cut to produce a sell-off that pushed the price of the benchmark 30year Treasury issue nearly a full point lower.

By late afternoon the 7.250 per cent paper maturing in August 2022 had fallen by 14 of a point to 99%, to yield 7.309 per cent. Shorter-term maturities were less affected. although 10-year bonds were 12 lower at 991 to yield 6.370 per

Ms Kathleen Camilli, chief economist at Maria Fiorini Ramirez, said Treasuries were under downward pressure because of the hedging of US corporate positions as well as outright selling by institutional investors in what appeared to be profit-taking in

Mr David Hale, chief economist at Kemper Securities said there was also "creeping concern" in the bond market about the possible effects of a Clinton presidency. "Clinton's spending programmes are front-ended, while his plans to

0.275/0.225 Goldman Sachs/Merrill Lynch

recently, as few companies are

keen to issue at current stock market levels. However, Nestlé

is considered one of the most

attractive stocks in the sector,

having released good interim

results on Friday.

Elsewhere, Citicorp launched

First Treuhand deal divides London and Frankfurt contracts

THE FIRST bond issue of the Treuhandanstalt, the agency charged with privatising former East German assets, yes-terday forced a sharp divergence between the prices of Bund futures in Frankfurt and

At one point during the afternoon, the gap between the rival contracts reached more than three quarters of a point, with the London contract at 90.53 compared with the Frank-

The London International Financial Futures and Options Exchange had decided not to make the new Treuhand bonds deliverable into its Bund contracts which expire up to March 1992, making them less attractive for investors to

The Deutsche Terminborse, on the other hand last month ruled that the bonds would be

deliverable into its March 1993 contract. The new Treuhand bonds will be the cheapest to deliver into the futures con tract, helping to push down the

Ф 21

Yesterday's issue of DM4bn bonds, expected to be followed today with an auction of a further DM6bn, was launched with a 7% per cent coupon and priced at 101, to give a yield about 13 basis points higher than 10-year bunds.

At that level, the honds, which carry a full guarantee from the Federal government, were considered attractively priced by traders.

"If the unity fund is deliverable, then the Treuhand should also be," said one economist, adding that to include it would not undermine the quality of the Liffe contract.

Liffe said it was reviewing whether the bonds should be deliverable into its contracts from next June onwards.

Relaunch for postponed mortgage-backed issue

A RARE mortgage backed Eurobond issue from a continental European borrower was relaunched yesterday, having been pulled last week due to the turmoil in Swedish financial markets.

Goldman Sachs relaunched the offer, by Osprey Mortgage Securities - a special purpose vehicle for a subsidiary of Skandinaviska Enskilda Banken - in the face of renewed pressure on Swedish

markets. However, the bank said that fter discussions with the issuer, investors and the rating agencies it was confident the issue would not need to be delayed again, even if the markets suffered the same upheaval as last week.

The terms of the \$372m offer have been amended only slightly, with a change of size in two of the three tranches of bonds. Also, CSFB was replaced by Morgan Stanley as a co-lead to the issue. However, the spreads over US Treasuries offered on the bonds were squarely within the ranges indicated last week. The first tranche, for instance. was offered at a spread of 78.5 basis points, compared with an indicated range last week of

77-80 basis points. The original decision to delay the issue had caused concern in some quarters, since it marked an unusual move to hold back an offer that had already been underwritten. However, Goldman said at the time that it merely intended to postpone the offer until the

markets settled down. • Trading in German Bund futures on the Deutsche Terminborse (DTB) will start one hour earlier on Monday, the day after the French vote on the Maastricht treaty, AP-DJ reports from Frankfurt. Trading will begin at 7am local time on Bund futures, as well as for Bobl futures and options on

June 2002 ended up 15 cents at 100 per cent and that one-Kingdom of Spain sets up \$1.5bn seven-year offer

US DOLLARS

Province of Ontario(a)1 Nestle Holdings Incibit

By Tom Burns in Madrid

REPSOL, the Spanish state-owned oil, gas and chemicals group, is to delay a placing of some 10 per cent of its equity until next year to allow parliament to lift legal barriers

to the deal. The delay caused some surprise on the domestic markets where the placement, which will include an international tranche and would raise some Pta60bn (\$625m), had been

eagerly awaited. The markets had understood that parliament would remove the mandatory majority state

ownership of Repsol.

A draft bill was approved last July. But Repsol said yesterday the legislation would

not be approved until Decem-

ber, delaying the placement until the first half of 1993.

Listed are the latest intermetional bonds for which there is an adequate secondary market.

By Tracy Corrigan

THE Kingdom of Spain is taking bids from a number of investment banks for a sevenyear Eurobond issue totalling at least \$1.5bn, but has yet to award a mandate. The deal, expected to emerge this week, will add further supply to the dollar sector, which has already digested a \$2bn offer-

INTERNATIONAL **BONDS**

ing of global bonds by the Province of Ontario, arranged by Goldman Sachs and Merrill

The Ontario offering, launched on Monday just ahead of the German rate cut, suffered from its timing. according to some under-

"When you have such a huge

FT/ISMA INTERNATIONAL BOND SERVICE

dislocation of markets, no one wants to make investment decisions," said one underwriter. In addition, the Japanese market was closed yesterday, and many bankers and investors were not at their

However, the lead managers said that investor sentiment on the dollar, which at last appeared to have turned, spurred buying of the deal. especially in south-east Asia and Europe.

The five-year bonds were priced yesterday at 48 basis points above the comparable Treasury yield, the wider end of the indicated spread range. However, even at this level the pricing appeared rather aggressive to US investors. The US corporate bond market had to digest about \$10bn of supply last week and investors are becoming rather choosy.

The spread on the Ontario

Latest prices at 7:10 pm on Sep

With equity warrants, #Floa at 9.8%, Non-callable, c) To -callable. c) Tranc offering widened to 50 basis points at one point. However, a weak US Treasury market

back to 48 basis points. Despite some resistance to the Ontario deal, Spain could meet a more enthusiastic While Ontario has already

borrowed heavily in the US

and Eurobond market to meet

allowed the spread to tighten

its heavy funding programme of nearly C\$10bn (US\$8.10bn) this year. Spain has never issued in dollars, and should have some rarity value. In the equity-linked market,

Nestlé Holdings launched a \$250m issue of seven-year bonds with equity warrants

a \$40m two-tranche Eurobond ssued by International Bonds European equity linked offer-Investments, which holds Venings have become a rarity ezuelan debt.

MARKET STATISTICS

RISES AND FALLS YESTERDAY

Listed are the latest international bonds for which there a	Chy.	covery market. Latest p	prices at 7 10 pm on September 15 Chg.	British Funds	Rises Falls Same
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DEJITSCHE MARK STRAIGHTS ABIA SARIO B 1/2 %	1.79 BBLL 1.79 B	NCD ROMAO 03401 CE-0 0276 POS TAMHIA 1/1670 IM CE-0 0276 POS TAMHIA 1/1676 I TE 06 ECU TEEIS FED 0.1576 TOM FOR THE 1/16 96 MINARK - 1879 BE DE FRANCE 1/12 96 DM LE OL FRANCE 1/18 99 MINARK - 1879 LE OL FRANCE 1/18 99 MINARK - 1879 LE OL FRANCE 1/18 99 TOM DEL 574 794 LE AN 1/10 94 E LIAND 98 LE OL FRANCE 1/18 96 E TYOS BANK 1/10 PEPS 3 TSUFFIN 8/18 6/5 TWEST FIN 8/18 6/5 WEST ENERGLE 96 TEE BR VICTURA 0 05 99 TTEE DY NINEDOM - 1/8 99 RESSHIRE BS 1/10 94 E	200 9088 9228 4975 500 9988 100 07 4975 500 99.97 100.08 3975 350 99.97 100.08 3975 350 99.97 100.08 3975 150 99.34 99.54 104.15 150 99.35 99.34 5.000 150 99.55 99.34 5.000 100 99.48 99.57 34.03 1000 99.48 99.57 34.03 1000 99.48 100.55 100.	Bisse Autount Latest 1992	Stock Closing Price + or £ Tst Zero Bin Pt 107p ERS Stock Price Pric
DEJITSCHE MARK STRAIGHTS ABIA SARIO B 1/2 %	1.79 BBLL 1.79 B	NCD ROMAO 0301 LICHUM 111-87 DM CE -0 02 % POS TRANNIA 1/16 % 1 TO 6 ECU TEMES FED 0 15 % TO 115 NO TEMES FED 0 15 % INDERS FED 0 15 % IND	200 9088 9228 4975 500 9988 100 07 4975 500 99.97 100.08 3975 350 99.97 100.08 3975 350 99.97 100.08 3975 150 99.34 99.54 104.15 150 99.35 99.34 5.000 150 99.55 99.34 5.000 100 99.48 99.57 34.03 1000 99.48 99.57 34.03 1000 99.48 100.55 100.	Bisse Autount Latest 1992	Stock Closing Price + or £ Tst Zero Bin Pt 107p ERS Stock Price Pric
DEJITSCHE MARK STRAIGHTS ABIA SARIO B 1/2 %	## 144	INCO ROMAO 03-01 ILCHUM 111-87 DM CE -0 02-96 POS ITAMHIA 1/16-96 I TO BE EU TEMES FED 0 15-96 INDER 118-96 INDER 118-96 EU TEMES FED MARKET 178-96 E TYDS BANK 1/10 94 E LAND 98 EU TEMES FED MARKET 178-96 E TYDS BANK 1/10 PE®S 3 TSUIFIN RASA 16-96 TWEST FIN 3/16-05 WE TALLAND 18-96 TEMES TO STANDARD 18-96 TO STANDARD 18-96 TEMES TO S	200 9088 9228 4755 500 9989 100 07 9,975 500 99.97 100.08 3075 350 99.97 100.08 3275 350 99.97 100.08 3275 350 99.97 100.08 3275 350 99.97 100.08 35000 1000 99.88 99.97 34035 1000 99.88 99.97 34035 1000 99.88 100.45 5250 200 100.52 100.74 3.6257 200 100.52 100.75 101.251 200 99.92 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 10.350 300 99.72 100.02 100.02 100.02 100.00 300 99.72 100.02 100.02 100.02 100.00 300 99.72 100.02 100.02 100.00 300 99.72 100.02 100.02 100.00 300 99.72 100.02 100.02 100.00 300 99.72 100.02 100.02 100.00 300 99.72 100.02 100.02 100.00 300 99.72 100.02 100.00 300 99.72 100.02 100.00 300 99.72 100.02 100.00 300 99.72 100.00	Price Paid Resume Cate Steph Cont	Stock Closing Price + or £ Tex Zero Div Pr
DEUTSCHE MARK STRAIGHTS ABIA SARIO B 1/2 %	## 144	INCO ROMAO 03-01 LICHUM 11-14-70 DM CE -0 02-96 POS TRANNIA 12-16-96 I TO BECU TEMES FED 0.15-96 TO SECONOMICES -1/16-99 MINARK -18-96 LED FERANCE 18-99 MINARK -18-96 LED FERANCE 18-99 LED AL 17-10-94 E LED AL 17-10-94 E LED AL 17-10-94 E LED FERANCE 18-99 TOS PERMANENT 18-96 E TYOS BANK 1/10-94 E LED FERANCE 18-96 TOS PERMANENT 18-96 E TYOS BANK 1/10-94 E LED FERANCE 18-96 THE SE TO SECONOMI 18-96 THE SE TO SECONOMI 18-96 TEE OF THE SECONOMI 18-96 TEE DE SECONOMI 18-96 TEE	200 9088 9228 4725 500 9989 100 07 9,975 500 99.97 100.08 3075 350 99.97 100.08 3275 350 99.97 100.08 3275 350 99.97 100.08 3275 350 99.97 100.08 35000 1000 99.88 99.94 50000 1000 99.89 50000 1000 99.80 99.77 34035 1000 99.80 100.80 100.70 200 100.80 100.71 36.25 200 100.80 100.71 36.25 200 100.80 100.71 36.25 200 99.92 100.02 10.3500 300 99.72 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.80 100.80 100.80 200 90.80 100.80 100.80 100.80 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.85 200 90.80 100.85 200 90.80 100.85 200 90.80 100.85 200 90.80 100.85 200 90.80 100.85 200 90.80	Price Paid Resume Cate Steph Cont	Stock Closing Price + or £ Tex Zero Div Pr
DEUTSCHE MARK STRAIGHTS ABM ANROB 1/2 %. AUSTRIA 5/4 %9. BRP B I/4 OF 1/2 %5. DOU 971, 971, EBS 3/4 99. EUROFINANCE 7 I/2 %5. DOU 972, 972, EUROFINANCE 7 I/2 %5. DOU 972, 973, EUROFINANCE 7 I/2 %5. DOU 972, 973, EUROFINAN B 3/4 %6. EUROFINAN B 3/4 %	## 144	INCO ROMAO 03-01 LICHUM 11-18-7 DM CE -0 02-96 POS TRANNIA 1/16-96 I TE 06 ECU TECHS FED 0.15-96 TO 11-18-96 TO 11	200 9088 9228 4725 500 9989 100 07 9,975 500 99.97 100.08 3075 350 99.97 100.08 3275 350 99.97 100.08 3275 350 99.97 100.08 3275 350 99.97 100.08 35000 1000 99.88 99.94 50000 1000 99.89 50000 1000 99.80 99.77 34035 1000 99.80 100.80 100.70 200 100.80 100.71 36.25 200 100.80 100.71 36.25 200 100.80 100.71 36.25 200 99.92 100.02 10.3500 300 99.72 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.55 100.85 40.65 200 90.80 100.80 100.80 100.80 200 90.80 100.80 100.80 100.80 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.65 200 90.80 100.85 40.85 200 90.80 100.85 200 90.80 100.85 200 90.80 100.85 200 90.80 100.85 200 90.80 100.85 200 90.80	Price Paid Resume Cate Steph Cont	Stock Closing Price + or £ Tex Zero Div Pr
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DEUTSCHE MARK STRAIGHTS ABM ANROB 1/2 %. AUSTRIA 63/49	器組民を指摘して、	INCO ROMAO 03-01 LICHUM 111-97 DM CE -0 02-96 POS TRANHIA 1/16-96 I TO BECU. TECHS FED 0.15-96 IND TECHS FED 0.15-96 IND TECHS FED 0.15-96 IND TECHS TO TECHS	200 9088 9228 9278 9375 500 9989 100 07 9.975 500 99.96 100.04 \$2500 150 99.96 100.04 \$2500 150 99.96 100.04 \$2500 150 99.97 19.90 11.1719 180 99.56 99.94 50000 100.07 100.28 50000 100.07 100.28 50000 100.07 100.28 50000 100.07 100.28 100.04 13.6229 100.02 100.04 13.6229 100.02 100.04 13.6229 100.02 100.04 13.6229 100.02 100.04 13.6229 100.02 100.03 13.6229 100.04 100.03 13.6229 100.04 100.03 13.6229 100.04 100.03 13.6229 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.04 100.03 13.6259 100.05 100.05 100.05 100.05 100.	Prior Paid Research Color Stock Const.	Stock Price + or £ Tex Zero Biv Pr
DEUTSCHE MARK STRAIGHTS ABM ANROB 1/2 %. AUSTRIA 6349 9. BNP 8 1/4 01 100 914 944 BNP 8 1/4 01 100 974 914 BNP 8 1/4 100 100 974 914 BNP 8 1/4 100 100 974 914 BNP 8 1/4 100 100 974 974 BNP 8 1/4 100 100 974 100 100 100 100 100 100 100 100 100 10	## 144	INCO ROMAO 03-01 LICHIM 11-14-70 DM CE -0 02-96 POS TRANHIA 12-16-96 I TO BECU I T	200 9088 9228 4275 500 9989 100 07 9.975 500 99.98 100 07 9.975 500 99.98 100.08 3275 500 99.98 100.08 3275 100 99.98 100.08 3275 100 99.98 100.08 3275 100 99.99 100.08 3280 100 99.99 100 22 10.38 3625 100 99.92 100 22 10.38 3625 100 99.92 100 22 10.38 3625 100 99.92 100 34 3625 100 99.72 19.82 10.30 100 99.83 100 40 3625 100 100 100 100 100 100 100 100 100 100	Prior Paid Remore 1992 100p F.P 110p 106 ½p February 100p 10p Stock Price + or £ Tex Zero Biv Pr	
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Interest charges sharply reduced following £149m rights issue

MB-Caradon ahead to £60.6m

By Maggie Urry

INTEREST SAVINGS following its £149m rights issue last November helped MB-Caradon increase interim pre-tax profits from £47.2m to £60.6m.

The interest charge fell from £11.5m to £2.5m in the six months to June 30.

The figures were in line with expectations and the shares initially rose on the news before falling back to close 12p down at 224p as analysts scaled down forecasts for the year.

Mr Antony Hichens, chair

man, said demand had increased slightly immediately after the UK election in April but bad then weakened again. Pre-interest profits from managed businesses - prod-ucts such as double glazing, radiators and bathrooms, and cheque printing - rose 4.2 per cent to £42.5m on sales down 3.2 per cent at £324.7m.

The group's 25.2 per cent stake in CarnaudMetalbox, the European packaging group,

Mr Peter Jansen, chief executive, said the UK building products business, where operating profits fell from £23.6m to £17.9m, had suffered a 9 per cent volume fall in all, though with wide variations, but had increased prices 2 per cent.

He said business was now "bumping along the bottom" although without any sign of an upturn. The trend in profits would depend on how competitive rivals became on pricing. European building product

operating profits were up 89 per cent to £7.5m partly making Austrian boiler business. Mr Jansen was cautious about the German market in the short term but expected growth in the longer term.

Cheque printing, mainly based in the US, increased operating profits by 45 per cent to £17.1m. The first half of 1991 had been affected by costs of integrating American Bank



Peter Jansen: bumping along the bottom

Stationery, acquired in 1989. Benefits of the merger had now come through. Margins rose from 15 to 21 per cent, but Mr Jansen said it was aiming to

reach the 25 per cent margins its main rivals achieved. The balance sheet was strong, Mr Jansen said, with gearing at 12 per cent. He said this gave the group the scope to make acquisitions although he said the lowest risk way of spending was investing in the group's existing businesses. Capital expenditure totalled

£24m in the first half, broadly covered by cashflow, Mr Daniel Cohen, finance director said. Earnings per share rose 10 per cent to 7.6p. The interim dividend is unchanged at 2.75p. although this represents a 26 per cent rise when the scrip element of the rights issue is taken into account.

Mr Hichens said that dividend was prudent. He said "why stick your neck out at the half year?" The group would be better placed to decide on the appropriate dividend for the year when reporting full year profits next

Crédit Lyonnais taking over Woodchester

By Tim Coone in Dublin

WOODCHESTER Investments, the Dublin-based leasing and banking group, has announced its ambitions to become the third force in the Irish banking market and a significant company in the European small-ticket leasing market.

In its interim results for the half-year to June 30, also announced yesterday, Woodchester reported a 3 per cent fall in pre-tax profits, from I£18m to I£17.5m (£16.7m).

The company intends to acquire from Crédit Lyonnais Group a 30 per cent stake in Crédit Lyonnais Leasing Europe, in a share and cash deal worth 1522.1m. The deal will take the French group's stake in Woodchester to 48 per cent and it intends to increase this to 51 per cent by purchases in the market.

CLLE is Credit Lyonnais' principal holding company for its continental European leasing activities outside France. It has advances and other assets worth I£1.1bn. Mr Craig McKinney, Woodchester chairman, said: "Within 12 months I expect

Renault's UK truck side

incurs £18.6m deficit

selves share that aspiration.

"If you are in the lending business you need a partnership like this otherwise you are dead in the water".

He added that the company was seeking to acquire a retail banking network of 50 to 60 branches in the Republic, to add to its existing 12. With electronic banking he said Woodchester would not need the 400branch networks of Allied Irish Bank and Bank of Ireland, the market leaders, to be able to compete effectively. He expected that a deal would be announced within the next three to six months.

On the leasing side Mr McKinney said: "We want to be a big pan-European player in partnership with Crédit Lyonnais. We are going in with a partner who knows those markets well.
"In Ireland we have 45 per cent share of

the car finance market. We believe the sector we are working in is too narrow. With what we have done in a population

Woodchester to be the third largest Irish bank with a strong retail banking presence in Ireland. Credit Lyonnais and our cial muscle of Credit Lyonnais. If we can not quadruple [the CLLE] leasing portfolio in four years, I would be very disappointed."

On the results Mr McKinney said: "I believe it represents a considerable achievement given the difficult trading conditions in the UK and represents only a small decrease on the record profits achieved in the same period last year."

The result was in line with expectations, improvements in the core domestic market having been offset by the difficult conditions in the UK.

Overall advances and other accounts increased 65 per cent to I£1.36bn (I£826m). Gross rentals were I£231m (I£197m). Earnings per share came out lower at 7.47p (7.7p) and the interim dividend is raised by 20 per cent to 1.81p (1.51p). One analyst said the increase was "indicative of Woodchester's intention to establish itself as a banking group".

The shares rose 16p to 154p.

Trinity ahead of City forecasts with £7.89m

By Kevin Done, Motor Industry Correspondent

RENAULT TRUCK Industries, the UK subsidiary of Renault Véhicules Industriels, the French commercial vehicle maker, suffered an £18.6m pretax loss last year following losses of £20.8m in 1990 and £21.1m in 1989.

The scale of the losses, coupled with the absence of new orders to replace a large volume military truck contract which will be completed at the end of the month, is forcing Renault to review the future of its truck assembly operations

In the short-term the ending of the contract is expected to lead to further job losses at the Dunstable plant. The workforce, excluding truck dealerships, has already been almost halved during the recession to 552 from 1,070 at the end of

RVI has been forced to inject £20m in new equity to bolster the battered finances of RTL which has incurred losses for the past decade.

The latest financial restructuring follows the provision by RVI of £20.4m of additional

MR RICHARD LINES, who

resigned as chairman of MTM

in March after controversy

over the specialist chemicals

manufacturer's accounts, has

set up in business again -

from the same Stock-

ton-on-Tees offices where MTM

history, Mr Lines is now oper-

ating as a consultant to fledg-

ling entrepreneurs from Mari-

borough House, after which MTM - Marlborough Techni-

cal Management - was named

offices from Hexcel Corpora-

tion which bought MTM's first

venture, Seal Sands Chemical Company. Mr Lines, an ex-ICI man, was running his own

chomical consultancy from

Marlborough House when he

met MTM co-founder Brian

He has leased the first floor

in an uncanny reworking of

By Chris Tighe

was created.

working capital for its UK truck subsidiary in 1990, the injection of £14.2m of extra working capital and a £15m loan in 1989. RTT's turnover fell by 10 per cent last year from £71.9m to £64.8m

Renault warned previously that it could end truck assembly in the UK, but the Dunstable plant was granted at least a temporary reprieve in mid-1990, when it won - along with Reynolds Boughton - a £20m contract to supply 846 four-wheel drive trucks to the Ministry of Defence. The contract has accounted

for close to 30 per cent of RTT's output in the last two years. The MoD has not exercised its option to purchase an additional 160 vehicles, and RTI hopes that the initial contract would lead to significant export orders have failed to

Renault took over the former Chrysler-owned Dodge truck operations in Dunstable in 1981. It currently assembles two vehicle ranges - the 50 series light truck, which it inherited from Dodge, and the Renault Midliner light/medium truck. Output fell last year by 24 per cent to 915 vehicles.

TRINITY International, the Chester-based publisher of the

Mr David Sneddon, chief executive of the group which Wales, Canada and the US, said yesterday he was particumance of the group's UK newspapers despite the reces-

"We took costs out a long time ago," said Mr Sneddon, who added that display advertising at the Liverpool Echo was more than 16 per cent up during the first half.

The results were better than expected and the share price rose by 9p to close at This year Trinity has turned

it sold its papermaking and packaging division to Danish Paper Packaging for £27m in

tish and Universal Newspapers from Lonrho for £45m was completed too late to be included in the first half results. The company said that integration of the Scottish titles was going well.

Turnover of the contin Trinity businesses increased by 3.3 per cent to £49m. Earnings per share rose by

5.1 per cent to 8.2p and the dividend is 2.7p compared with Trinity warned that its Canadian newspaper businesses were still experiencing compet-itive pressures which "together with continued dollar weakness will have some impact on profitability." However, the new management in Canada

the competitive position." Trinity said it was confident that results for the full year would be satisfactory provided there was no material worsening of market conditions. In the year to December 1991

was "aggressively addressing

Trinity made pre-tax profits of £13.3m. This year analysts are expecting between £16.2m and

Trinity is also looking at acquisition prospects in the newspaper industry.

Jeyes turns in 20% advance to £2.11m

By Richard Gourlay

JEYES GROUP, the rapidly growing cleaning products group, yesterday demonstrated the resilience of the UK's household goods market by reporting a 20 per cent increase in pre-tax profits for the six months to July 11.

The improvement, from £1.76m to £2.11m, came from sales ahead 17 per cent at £35.9m, with the growth almost entirely internally gen-

Earnings per share rose from 8.3p to 9.9p. In line with the forecast in July when the group made an £18m acquisition of Globol of Neuberg, Germany, the group is to pay a 3.1p interim dividend, a 19 per

"The UK market was much stronger than we thought," said Mr Jimmy Moir, managing director, referring to the bleach, moist wipes and lava-tory cleaner markets, which grew, and disinfectants which

shrank by just 2 per cent. Internationally, sales grew 40 per cent and now account for 35 per cent of profits.

Mr Moir said there was great potential for earnings enhancement at Globol, which was making operating margins of only 2-3 per cent, compared to Jeyes' overall 7 per

The group could benefit from the kind of attention that Jeyes received after the management buy-out he led from Cadbury Schweppes in 1986. The acquisition of Globol, which expands group sales by

about two thirds in a full year, will greatly increase Jeyes' international presence. Had Globol been included this year the group would have 40 per cent of sales in the UK, 20 per cent in Germany,

rest of the world. Gearing at the half year was unchanged at 40 per cent. Interest was six times covered by operating profits.

20 per cent in the rest of

Europe and the balance in the

COMMENT

The most surprising aspect of these good results is that the UK household market remains so strong in spite of the recession. While Jeyes has had to forgo some margin, its market share in the UK has increased and internationally growth nomenal, led by a Japanese love-affair with the "Blu" lavatory hygiene blocks. Jeyes' next few years of earnings growth is also pretty much guaranteed from margin improvement, cross-marketing and cost-cutting at Globol, acquired in July. The problem for investors who did not join the bandwagon when the MBO vehicle came to the USM is that most of this good news is already in the price. A full-year pre-tax profits forecast of £5.5m, or 21.8p of earnings,

BP sale to Neste gets go-ahead

The acquisition by Neste of the polyethylene manufacturing activities of BP Chemicals is not being referred to the Monopolies Commission.

Problems at US cable offshoot leave Delta 6% lower at £31m

By Jane Fuller

DELTA, the cables and engineering group, said that one of its four business cylinders had failed to fire in the first half, causing pre-tax profits to fall by 6 per cent, from £33.1m to £31m. The "problem child" was

Surprenant, a US cables company badly affected by defence cuts. The cables division saw operating profit halve to £5.61m (£10.7m) in the six months to June 27 on sales of £139m (£146.6m).

Delta's share price, which hit 505p in May, closed 25p down at 353p yesterday. Mr Robert Easton, chief exec-

utive, said UK cables prices had fallen through the recession and the capital spending of privatised electricity companies remained limited.

Overall, group operating profit declined to £26.1m (£29.5m) on turnover of £402.3m (£389.6m). Earnings per share slipped to 12.7p (14.3p) and the interim dividend is maintained

at 4.2p.
The star performance came from the engineering division, which advanced operating profits by 18 per cent to £11.2m

(£9.53m) on sales of £160.5m (£145.7m). The continental plumbing products business, related to building refurbishment, had continued to grow and there was considerable scope for expansion in eastern

industrial services slipped to £8.43m (£9.71m) on sales of £89.2m (£96.7m). The main impact came from the weakening Australian dollar. Overall the effect of currency movements knocked nearly fim off group profit.

Circuit protection improved by 27 per cent to £7.58m (£5.8m) on £66m (£53.7m) turnover. New products had improved the company's market shares. Before the group acquired the outstanding 36 per cent of Delta Crompton Cables for £37m from BTR in June, gear-ing was similar to the year-end ratio of 13 per cent on net debt of £40.7m. Mr Mike Gill, finance director, said the up-to-date gearing figure was about 25 per cent.

The proportion of group sales in the UK has steadily declined to less than 50 per cent. Altogether, Europe, accounted for £329.2m (£307.5m) of sales.

It seems the market has grown a little bored with Delta's worthy record of cost-cutting to tackle recession, maintaining a comfortably covered dividend and eschewing rights issues and big acquisitions. It used to benefit from the reflected lack of glory of BICC. But with BICC yielding nearly twice as much, sentiment has swung the other way. Unfortunately for Delta, the prompt rationalisation to protect margins is seen as limiting recovery potential. This is perhaps a little unfair because only a 5 per cent increase in volume in cables would create a bounce from the lean cost base. But there are few good words for Delta's cables business at the moment, which is seen as commodity-like - hence the vul-nerability to falling prices. The group remains in a good position to make acquisitions for cash - there is some regrei that it did not use its erstwhile highly rated paper for this pur-pose. A full-year pre-tax profit of £62m gives a prospective multiple of 13.5. The share price ought to have fallen far enough, but it will take some

Watmoughs doubles to £5.1m

By Roland Rudd

WATMOUGHS (Holdings), one of the UK's largest printers, almost doubled pre-tax profits, from £2.6m to £5.1m, for the half year to June 30 on the back of increased orders.

In comparing the 96 per cent profit increase with last year Mr Patrick Walker, chairman, said account should be taken of the difficult trading conditions affecting the second quar-ter of 1991, which were largely

related to the Gulf war. The group regained the printing contract for the Saturday Times Review, after losing it temporarily, and increased its mail order business

Mr Walker said the group has also won more one-off contracts than before because of its speed in processing pictures into magazines within less than 48 hours.

Turnover increased to £55.5m (£48.6m). The group has continued to expand in continental Europe, opening a new plant in Hun-

gary and winning contracts in Spain. was on target to generate 30 takes toll on

Linton Park The drought in Africa and consequent decline in tea production in Kenya and Malawi left Linton Park, the tea producer, food processor and engineer, with a 6 per cent fall in interim profits. puts the shares on a multiple Mr Haughton FitzGerald, chairman, said it was unlikely that the shortfall in production of 21, already at a 50 per cent premium to the market.

would be made up in the sec-ond half, although prices for higher quality Kenyan teas had recently improved. Turnover for the six months to June 30 amounted to £58.7m, down from £60.3m. After a reduced interest charge of £1.26m (£1.58m), pre-tax profits came to £2.34m, compared with

Earnings per share dipped to 7.1p (7.8p) and the interim dividend is maintained at



Colin Maughan (foreground), deputy chairman, and Patrick Walker: more one-off contracts than ever before

per cent of turnover from Spain, Hungary and exports from the UK by 1994. This year's £22m rights issue, coupled with strong cash flow, enabled the group to

reduce gearing by half to 15

Capital expenditure is expected to have almost doubled by the year end to £33m. The shares rose 6p to close at

443p in a falling market. Earnings per share increased to 11.14p (6.17p). The interim

Net assets stand at £90m.

African drought | Bowater agrees sale to avoid

> Bowater has agreed with the Department of Trade and Industry to dispose of its Wel-ton medical sterilisation bags and pouches subsidiary thereby forestalling a referral to the Monopolies and Mergers Commission, writes John

Thornhill.
The DTI asked Bowater to reduce its presence in the market following the acquisition of the DRG packaging group which gave the combined packaging group an unaccept-ably high market share. The addition of DRG's subsidiary - DRG Malago which has an annual turnover of £4m - bolstered Bowater's share to 51

However, Bowater has undertaken to sell its Welton business, which has a turnover of £2m, within 12 months.

against 2.5p. Usher-Walker at £9,000 after

exceptional MMC referral Usher-Walker, manufacturer of printing inks and rollers, saw pre-tax profits almost wiped out at the interim stage following a sizeable exceptional charge and "predatory pricing" by a com-petitor in the black newspaper

ink market. After an exceptional dehit of £143,000 for reorganisation and redundancies in the group's inks and rollers divisions, pretax profits for the six months to June 30 amounted to just £9,000, against £217,000 last time.

Profits at the operating level emerged at £270,000 (£416,000) from turnover of £10.4m

Earnings per share fell from 3.23p to 0.04p but the interim dividend is being maintained

Airbreak resignations 'a gesture'

MR DAVID LEWIS, who tendered his resignation on Monday as chairman of Airbreak Leisure Group, said yesterday that the move was largely a gesture.
His resignation and that of

Mr Martin Linton, finance director had not yet been accepted and nor did he expect In a statement to the Stock

Exchange on Monday after the markets closed, Mr Lewis reported an interim pre-tax loss of £2.92m and the sale of Sunsail International, an ill-starred recent acquisition. He also said in the statement: "I have tendered my resignation as your chairman along with your finance director, Mr

per cent.

Mr Lewis had also warned that "the results for this financial year will be significantly below the expectation of our shareholders". He was unavailable for comment on Monday evening.

break's shares dropped 13%p to close yesterday at 10%p. Mr Lewis explained yesterday that he made the warning so as not to create a "false market" for the tour operator's

Responding to the news, Air-

The £2.92m losses, for the traditionally loss-making first half, were about £500,000 better than the predicted losses of £3.4m, he said. But the company would probably not meet, he said, profit forecasts of £4.2m for the full year.

As for Sunsail Mr Lewis said that he and Mr Linton had "bought a company we should

never have bought". Sunsail owns some 340 of the more than 450 yachts it charters and has no business through the winter months. The company was bought in January for up to £8.08m. mostly in shares but including £1.55m of loan stock. The first tranche of 5.71m shares was paid, but Mr Lewis said that the second tranche of 6.91m, which was dependent on Sunsail making profits of at least 21.4m pre-tax in the year to October 31 1992, would not now be issued.

Mr Lewis said Sunsail had been sold "to a large wall-known City institution" for £3.4m in cash and loan notes.

COMPANY NEWS IN BRIEF

Kendermann and Langenbach wine businesses to the tury's funds under manage-Gunther Reh group. Included were the Black Tower and CENTURY, the specialist finan-

ment to a little less than £1bn. SINDALL (WILLIAM): Interim statement deferred so that the effect of the judgment of a legal action against Cambridgeshire County Council in respect of land purchased in 1988-89 may be incorporated within the announcement. WORTHINGTON GROUP, the

textile company, has succeeded in its aim of getting more institutions on the shareholder register. Its rights issue of 7.5m shares has been taken up by holders of 20.3 per cent leaving the rest with the sub-underwriters. Before the offer the company's directors were the dominant shareholders. Their combined holdings have now been reduced to 38 per cent of

ALLIED-LYONS has sold the of 50,000 policyholders. Its acquisition will increase Cen-

Crowns of Crowns brands. cial services group, has acquired CCL Assurance from

the CCL Financial Group for an undisclosed sum. CCL Assurance has some £100m

ducted an insider trading investigation into MTM.

Wiggins In 1978. Mr Lines was forced to resign after misleading the City about 1991 profits. Binder Hamlyn, MTM's auditors until last week, subsequently compiled a report that revealed "incorrectly recorded" transactions in 1991 and gave rise to questions about previous

years' accounts. The Stock Exchange con-

On his return to Marl-borough House, Mr Lines even found the same decor; thought what appalling taste I had 14 years ago." Symboli-cally perhaps, it has now been changed from black and white

Richard Lines sets up in business again

to pale green. First credited with creating, by sheer personal dynamism, one of the fastest growing glamour stocks of the 1980s. and subsequently obliged to resign by its dramatic nosedive, he says he emerged two months ago "from the misery zone" and set up Stronach

investments. He regularly telephones Mr Ken Schofield, the new chief executive who turned around the fortunes of Hickson International, the chemicals group, offering a torrent of free advice.

Mr Lines owns 75 per cent of the new company and his business partner, Ian Lawson, an ex-Price Waterhouse accountant, owns 25 per cent. Mr Lines says he is advising would-be manufacturers on start-up techniques and

finance "using all the experi-

ence one has gained over the

years in creating MTM". Stron-

ach Investments may invest in

projects "if the opportunity looks good". Those he is advising include ex-MTM European operations

director and ex-board member

By Raymond Snoddy

Liverpool Daily Post and Echo, announced a 14 per cent increase in pre-tax profits from £6.94m to £7.89m for t

months to June 27. has local and regional papers in north-west England, North larly pleased by the perfor-

itself into a more concentrated media company. In January

In July the purchase of Scot-Ex-MTM chairman returns to his beginnings at Stockton-on-Tees

> Neville Newson, who left MTM in the summer. Mr Newson, whose new company - Fine and Performance Chemicals - is next door to Mr Lines, is acting as a chemi-cal companies adviser, though further development is planned.

MTM's market capitalisation

was £256m before its shares

plunged in March from 286p to 26p; yesterday they closed at 30p. It showed a £20m pre-tax loss in 1991. The company, now being restructured, last week reported a £28m interim loss.

Net assets are £15m and net

Mr Lines said MTM's problems had not deterred clients. "I've looked at numerous pretty good ideas and some pretty awful ideas." With hindsight, he said, MTM should have taken more

balanced advice; he also now

believes a "projects person"

like him should hand over

debt £100.6m.

day-to-day running of his cre-Mr Lines, who last year sold 1.25m shares in MTM at 247p each, said he needed both to earn a living and to satisfy his desire to work. He retains a 6 per cent stake in MTM. where Mr Schofield is seeking about £40m in a new capital injection

So far he had helped create

from shareholders.



Richard Lines: consultant to fledgling entrepreneurs

36 jobs, four at Stronach and 32 sad", he said, but he was confiin two Teesside start-ups, making furniture and household ambition for Stronach Investments? "It's got to move in the

Takeover discussions continue with TT following exchange of site visits

Lower exceptionals cut AB Electronics' loss

RESTRUCTURING COSTS and a fall in sales were blamed by AB Electronics, the components manufacturer, for another deficit over the year to June 30. The final dividend is omitted.

AB is continuing friendly discussions with TT Group which may led to it being taken over by the acquisitive industrial holding company. TT recently took a 6.35 per cent stake in AB.

The two sides have exchanged site visits which led to further negotiations last week. TT has now asked for further information.

AB's loss before tax of £11.2m (£14.8m) was struck after an exceptional charge of \$4.6m (£10.9m) to cover redundancies and costs associated with the rationalisation of the ongoing businesses.

Last year's results have been restated to comply with the Accounting Standards Board. The effect has been to increase the loss in 1991 since reorganisation and restructuring costs accounted for as an extraordinary item have been restated

By Tim Coone in Dublin

MERGER TALKS are at an

advanced stage between United Drug, the Dublin-based phar-

maceutical distributor, and

Alchem, the parent company of

Sangers, Northern Ireland's

largest pharmaceutical whole-

The combined group would

have turnover in excess of

I£110m (£105m). In a statement United Drug

said "These discussions may

lead to an amalgamation of the

interest of the two companies

and an announcement on the

outcome will be made in due

United Drug has expanded in

ecent years by the acquisition

of companies specialising in

the distribution of optical and

hospital equipment and photo-

Vale, the Irish dairy products

group, increase pre-tax profits

from 127.31m to 127.76m (27.4m)

in the first half of

Alchem and United

Drug discuss merger

tion companies

£43m in its accounts to March

Turnover was unchanged at

I£155.8m. The net interest

charge was I£956.000 (I£1.27m).

Earnings per share were 4.35p

terday.

Better margins buoy Golden Vale

Improved margins throughout ingredients showed volume the company and lower interest charges helped Golden farm products were sluggish.

Consumer products and food dend is raised to 0.5p (0.42p).

BOARD MEETINGS

Sales fell from £213.4m to

£171.2m. The operating loss rose to £2.75m (£66,000). Losses per share were 34.9p (36.4p). Mr Paul Ryder, managing director, said the group decided not to pay a dividend since the expense of administering last year's notional dividend of 0.1p was too costly. A strong performance from

the German-based sensors business helped the automo-tive division report an increased operating profit of £2m (£1.7m). The group is in talks to sell its loss-making UK-based automotive electronic systems.

The operating loss at the components division increased to £3.75m (£2.6m). Loss-making Swansea Industrial, which makes electrical harnesses, is

The assemblies division incurred a loss of £46,000 compared with an operating profit of \$2.4m. The old resale and distribution division reduced its operating loss from £1.3m to

Borrowings fell to £25.8m (£28.7m) representing gearing



Sir Peter Phillips, chairman (left) and Paul Ryder: cost of paying dividend too great

COMMENT

News of TT's continued interest cut little ice with the market. The shares fell 10p to close at 47p, capitalising the group at £13m. This is less than the sum the company might be reasonably expected to raise for two of its loss-making busi-

esses. It appears that the market is unsure whether the group can survive. With forecasts of another small pre-tax loss or the possibility of breaking even the outlook is bleak. In the group's favour are the planned disposals which could cut borrowings by half, the

relocusing of its core busi-nesses, increased cost cutting with the loss of another 400 jobs and the possibility of a takeover. However, it remains a risky recovery stock. For that reason most investors will want to wait longer before

Lopex cuts losses to £125,000

eliminated by next year.

and direct mailing had held up

Marketing budgets were

much leaner: "The marketing

director is no longer the key

man on the board - that's the

vice - which arranges repair-

ers rather than simply provid-

ing insurance to cover break-

downs - combined with

growth in insurance schemes

operated by appliance manu-

facturers had helped raise pre-

Gross premiums for domestic

appliances rose to £43.5m

(£32.9m) and other premiums fell to £232,000 (£421,000),

reflecting the company's con-

centration on its core business.

Turnover rose by 29 per cent

mium income.

By Jane Fuller

It distributes to 1.000 phar-LOPEX, the advertising, public macy outlets in the Irish relations and marketing group, Republic, a quarter of which cut its pre-tax losses to £125,000, from £916,000, in the hold 15 per cent of the company's shares. It also holds the first half of 1992 as clients con-Vantage franchise in Ireland, a tinued to reduce their spendretailing system developed by ing. The interim dividend is AAH Pharmaceuticals, one of

the the UK's leading distribu-Mr Peter Thomas, chief executive, said it was doubtful United Drug reported a 10 whether a final dividend per cent increase in sales in would be paid. The policy would be reviewed when the group returned to profit, 1991 to 1£63m, and a 13 per cent growth in pre-tax profits to I£2.7m. The company obtained which would hopefully be next full listing in London and Dublin in March this year. Its Turnover fell from £111m to

shares closed up 5p at 175p yes-£78.7m, although the bulk of the decline was accounted for Alchem is an unquoted comby disposals. Lopex said the pany, but has more than a underlying contraction in volthird of the retail pharmacists ume was 4 per cent. in Northern Ireland as shareholders. It reported turnover of

By Andrew Jack

GROWING DEMAND by

consumers to insure their

domestic appliances against breakdowns helped lift pre-tax

profits at Domestic & General

the Wimbledon-based specialist

insurer, by 25 per cent to

£6.19m in the six months to June 30.

48.11p to 61.13p and the annual dividend is raised to 18p (15p)

with a proposed final of

12p. Mr Martin Copley, chairman,

said: "We're obviously very pleased. This is a creditable

result given the continuing

He said the company's ser-

Earnings per share rose from

A further 30 to 40 jobs were shed with more to follow in this half. Exceptional redun-After a quiet six months, clients were now considering dancy costs of £447,000 their budgets for next year and (£410,000) were, however, more there were signs of them than offset by the surrender of starting to spend.

The group's net debt typi-cally stood at £6m to £7m and a lease on an acquisition's former head office in Grosvenor Gardens, central London. was stable. First half interest Mr Thomas said the carrying costs fell to £465,000 (£948,000) costs of empty properties used as disposals had brought down to exceed £1m, a large propor-

to £10.5m.

cent to £5.9m.

past 12 months.

tion of that would have been Mr Thomas said the group had only \$250,000 of earn-out payments left for acquisitions. Most of the group's sales are in the UK. Advertising had Those liabilities had stood at suffered a severe squeeze on £20m two years ago. profits, while public relations Extraordinary

amounted to £477,000 (£50,000) following a loss on selling a subsidiary and the write-off of goodwill.

jumped to £10.3m (£7.9m). Total

investment income rose 14 per

Mr Copley said the compa-

ny's strong connections with

the domestic appliance suppli-

ers and its broad management

services had helped it stave off

growing competition over the

He said Domestic & General

had had to reduce its premi-

ums in line with the market,

but it was taking steps to limit

attempts by the 1,000 repairers

it uses to widen their margins.

reduced to 1.22p (4.1p). Domestic & General shows 25% rise

from £34.2m to £44.2m. while expenses increased 13 per cent at the period-end. Investments in Copley, a subsidiary which provides per-sonal loans to police officers,

(3.4p).

sold Elliott Bayley, its finan cial services company, to man-agement for £1m cash.

Some £635,000 is payable on completion with the balance due over three years. The price includes repayment of intercompany debt.

And Control for Vandary on Spill IV.
Pool purchase price Drings.
19 97

Scholes blames low activity for 31% fall to £3.17m

By Paul Taylor

TIBBETT & BRITTEN, the warehousing,transportation and distribution services group, reported a 6 per cent increase, from £6.34m to £6.72m, in Interim pre-tax profits.

Mr John Harvey, chairman, described the result as "a stout performance despite the recesslon" reflecting organic growth across all group divi-

Organic

growth lifts

Tibbett &

Britten

Turnover in the six months to June 27 expanded by 21 per cent to £101.6m (£84.3m). Vir-tually all the increase came from existing businesses with the retail consolidation busi-ness, which handles electrical and non-food goods, performing particularly well.

Operating profits. however. increased by only 4.3 per cent to £6.41m (£6.15m), reflecting reduced margins. Mr Harvey said several factors contributed to the decline in margins.

Although distribution for individual clients performed well, Fashion Logistics, the shared-network distribution business which accounts for 7 per cent of turnover, was operating in "an extremely depressed clothing sector" and remained unprofitable despite "considerable rationalisation,"

as volume and prices fell. Margins were also reduced by changes in the overall mix of activity and revenues. start-up costs overseas, espe cially in Canada, Portugal and South Africa, and further costs incurred in strengthening group infrastructure.

Organic growth continued with the purchase of a 30 acre site and 580,000 sq ft ware house at Preston Brook for the further development and consolidation of the group's contract with the B&Q retail DIY chain, and the building of a cold store at the Northfleet depot for distribution of J Sainsbury's refrigerated food

from September. Capital expenditure, for development, in the first half was particularly high at £13.5m. However, net interest received still rose to £308,000 (£194,000), and gearing was 14 per cent of net assets of £51m

After a higher tax charge of £2.22m (£2.11m), earnings per share increased by 4 per cent to 12.8p (12.3p). The interim dividend is raised to 3.8p

Mayflower sale

By Peler Pearsa

SCHOLES. the electrical installation materials group. continued to be affected by "the worst recession for many years", and reported a 31 per cent fall in pre-tax profits, from £4.58m to £3.17m, for the 12 months to June 30. Turnover declined 8 per cent

to £62m (£67.3m). Mr Bill Riches, who moved up from finance director to chairman in July after the death in March of Mr Reg Harrington, the previous chairman and chief executive, said lower levels of activity lay behind the profits fall.

The group's cash position was sharply improved, he £4.4m (£1.5m) and gearing fell

to 13 per cent (32 per cent) as borrowings were cut to £3m Net interest charges were

almost halved at £834,000 (£1.59m), ameliorating the 47 per cent decline in operating profits from £7.12m to \$3.8m.

The group, Mr Riches said. had a much better second half - turnover was £33.5m, operating profits \$2.6m and pre-tax profits £2.3m. The respective first-half figures were \$29.5m, £1.2m and £916,000.

The improvement, he said, was largely a result of reduced costs and manufacturing efficiencies, and to a lesser extent

to increased sales volume. Mr Riches also said that the restructured board would be exerting more hands-on management as far as pricing, joint ventures and product development were concerned.

There were no acquisitions in the pipeline, but capital expenditure, having fallen in the year under review from 22m to 21.5m, would rise to £2.5m or more in the current vear.

Scholes Group Shere price (pence)

1991

Earnings were down at 5.9p (8.5p) per share, from which a maintained 5p total dividend will be paid via an unchanged

• COMMENT

The results were a little better than expected, especially the second half, though trading is locked into the housing and construction market doldrums. However, Scholes can only benefit from its growing joint venture relationship with Asca Brown Boveri (cf Delta and AEG). ABB does the expensive research and development chores and Scholes makes and distributes the products well. Meanwhile Mr Alan Baxter, the chief executive newly arrived from FKI, adds muscle to a board which needs to regain some control of the operating companies from their managements. Forecasts for current full-year pre-tax profits give a multiple of 9.7. The shares - up ip at 93p might well drift for a while, but any positive interest rate news to help the housing market will give them a boost. Worth buying and holding.

Corres - Total

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	ponding dividend	tor year	laşt year
AB Electronicfin	nil		0.1	nil	0.1
Arjo Wigginsint	2.65	Nov 17	3.3	-	8.35
Calafin	1.15	Oct 31	2.25	2.3	3.4
Deltaint	4.2	Dec 1	4.2	-	14
Domestic & Genfin	12	Nov 26	10.5	18	15
Everest Foodsfin	4.8	Nov 24	4.6	7	6.8
Golden Valeint	0.5	Nov 7	0.42	-	1.35
Haggas (John)fin	2	Nov 27	3	3	3
Jeyesint	3.1†	Dec 29	2.6	-	6.4
KingBaherint	4.2	Oct 30	4	-	13
Linton Parkint	2.5	Nov 17	2.5	-	13
MB-Caredonint	2.75t	Nov 17	2.75	-	8.5
Osprey Commsint	nii	-	1.35	0.65	2.7
River/Merc Amerint	1.8‡	Nov 6	1.B	-	7.8
Scholesfin	3.4	Nov 9	3.4	5	5
Starminint	0.1†	Nov 9	0.1	-	0.3
Tibbett/Brittenint	3.8	Oct 29	3.4	-	10.8
Trafford Parkfin	1.725	Nov 17	1.725	2.575	2,575
Trinity Inti	2.7†	Oct 30	2.6	•	8.4
Usher-Walkerint	21	Nov 18	2	-	6
Watmoughsint	2.7†	Nov 9	2.5	-	10.5
Woodchester lawsint	1.81	Nov 4	1.51	-	3.75

Dividends shown pence per share net except where otherwise stated. On increased capital. Prish pence. ‡Second interim making 3.6p so far.

housebuilding activities Cala,

market having suffered a further setback and the outlook "obscure" the company is proposing to cut its final dividend

said that firm management controls had been reimposed on its south of England house building side and losses had been significantly reduced as they had been in the Midlands. In Scotland its activities were still profitable.

per cent to 56 per cent at the year end as a result of invest-Turnover was £66.2m (£93.3m). Losses per share were 3.44p (15.09p).

boosts Haggas

£1.22m. The effect was a reduction of £580,000 in reserves after taking back £4.37m of

Dec 16

ress. Retailing lost £263,000

dividend of 2p is proposed for an unchanged total of 3p.

Modest decline in net assets at USDC

at June 1991.

raised from 1p to 1.25p.

Further assets fall at Merchants Trust

The Merchants Trust had a net asset value of 195.3p per share on the 213.4p reported at the July 1991.

Potatoes provide growth at Everest

Everest Foods, the frozen foods and egg production company, reported another record year in the 12 months to May 31. The shares rose 5p to 220p. On turnover 12 per cent

higher at £33.8m (£30.2m) pretax profits advanced 26 per cent to £3.31m (£2.64m). Trading profits in the food distribution and egg production divi-sions both fell but frozen chips

helped by a halving of interest costs to £439,000 (£874,000) as a result of the placing and open offer in December. Earnings per share were 20.13p (17.97p) and the final dividend is raised to 4.8p for a total of 7p (6.8p). A

Exceptionals push Osprey into red

Pre-tax losses for the 12 months to May 31 were

and a £163,000 debt write-off. Losses per share emerged at 2.03p (4.67p earnings) and in view of the results the final dividend is passed leaving the total for the year at 0.65p

ahead to £3.6m

The pre-tax line for the 12 nonths to June 30 amounted to

An unchanged final dividend of 1.725p maintains the total at earnings of 3.8p (3.6p).
An extraordinary gain of £221,000 related to a pension on the USM. refund following a restructur ing of the company's scheme.

reported a net asset value per share of 257.5p basic and 245p fully diluted as at August 31. The figures compared with 291.4p and 274.4p respectively 12 months earlier and were struck after allowing for costs of the unsuccessful bid for Pacific Horizon Investment

Attributable revenue for the six months to end-August amounted to £158,000 (£118,000) for earnings of 1.25p (0.96p).

River & Mercantile asset values ahead

Capital and Income Trust had a net asset value of 30.6p per capital share and 68p per income share at August 31 respectively a year earlier. Net revenue for the half year

for earnings of 3.33p (3.27p) a share. An unchanged second declared, making 3.6p so far.

Firstland requests suspension at 7p

Shares of Firstland Group, formerly Firstland Oil & Gas, were suspended yesterday at 7p at the company's request pending shareholders' approval 23.63m, against £3.3m last time

to diversify away from its oil and gas interests, said terms had been agreed for the acquisition of a private packaging company substantially larger

The company's shares trade

Acquisitions help Starmin to £1.35m

Starmin, the Surrey-based quarrying and engineering group run by Raschid and Osman Abdullah and where Mr Cecil Parkinson, the former cahinet minister is deputy chairman, yesterday reported sharply higher interim profits. On turnover ahead 26 per cent to £9.9m, pre-tax profits for the six months to June 30 jumped from £785,000 to £1.35m. The outcome included full contributions from businesses acquired last year. Earnings per share were unchanged at 0.3p on a greatly increased capital. The interim

FT-SE Eurotrack 100 Index

dividend is held at 0.1p.

The FT-SE Eurotrack steering committee has agreed to make the following changes to the FT-SE Eurotrack 100 Index constituent list with effect from September 21.

Additions: Bancario San Paolo (Italy); Banco di Roma (Italy); Nestlé participation certificates (Switzerland); Ciba Geigy Bearer (Switzerland); Bayerische Hypotheken und Wechselbank (Germany); Pernod-Ricard (France); Swiss Bank Corporation participation certificates (Switzerland).

(France); SKF B (Sweden); Fiat Priv. (Italy); Procordia B Free (Sweden); Olivetti (Italy); Skandia Free (Sweden); Fiat Risp. (Italy).
The indicative reserve list now comprises: Viag (Germany); Zürich participation

certificates (Switzerland);

Elsevier NV (Netherlands);

Deletions: Euro Disney

Troughts of defrection state was pute pro-servation agreemblade benefit that they after the start of treating. Accordingly, due to the maniphing of their inventors agride correction, no treating stocked as pitted upon provisional post of their stocked as pitted upon provisional post count for that due, Fersi pool artices are disco spatial of revision. Pool Season Prices in the other apaths of revision, Pool Season Prices in the other states of revision. The start of the season of season of the season of electricity under the pool season of the season of electricity under the pool season of the start of the season of the sea

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1.100 Cala cuts

loss to £980,000

BY FOCUSING on its core the Aberdeen-based builder and developer, reduced pre-tax losses from £6.94m to £980,000 in the year to June 30. However, with the housing

from 2.25p to 1.15p leaving the total at 2.3p (3.4p). Mr Geoffrey Ball, chairman,

The pre-tax figure was struck after exceptional costs of £1.25m of which £628,000 related to discontinued activi ties. It included commercial property writedowns of £840,000 and housebuilding land writedowns of £8,000. Gearing increased from 40

Manufacturing side

A strong performance from its manufacturing side enabled John Haggas, West Yorkshirebased worsted spinner, to increase pre-tax profits for the year to June 30 by 58 per cent. However, an extraordinary charge of £4.95m on the sale of

the hand knitting wools

retailer left attributable losses

at C2.98m, against profits of

goodwill previously written off. Manufacturing pre-tax profits increased 52 per cent to £3.15m (£2.07m) with the fabric division performing well and spinning making good prog-

(\$249,000). Group turnover was £34.4m (£33.4m). Earnings per share were 9.02p (5.6p) and a final

USDC Investment Trust had a net asset value of 191.1p per share at June 30 - down from 192.1p at December 31 and 197p

The trust, managed by GT Management, reported net profits of £1.18m (£825.000) for the six months to end June, for earnings of 3.22p (2.25p) per share. The interim dividend is

at July 31, a fall of 8.5 per cent trust's January year-end and 16 per cent on the 231.7p of

Attributable profits rose from £6.18m to £6.46m for earnings of 6.31p (6.04p). A second interim of 2.65p brings the total so far to 5.3p (5p).

NEWS DIGEST

and potato products advanced 30 per cent. The pre-tax result was

1-for-1 scrip issue is proposed.

Despite a "promising start" Osprey Communications, the advertising and marketing services group, finished the year

£336,000, against profits of £869,000. Turnover fell by 18 per cent to £25.6m (£31.2m). The pre-tax figure was struck after exceptional charges of £355,000, comprising £192,000 of redundancy costs

against 2.7p. Trafford Park edges

Trafford Park Estates, the Manchester-based property investment and development group, reported a near-10 per cent advance in annual profits.

which included £743,000 from property sales. Gross income totalled £11.7m (£13.1m).

2.575p, covered 1.6 times by than Firstland, for about

Martin Currie Pacific assets fall

Martin Currie Pacific Trust

River & Mercantile American

against 38.57p and 63.08p

amounted to £250,000 (£253,000) interim dividend of 1.8p is

of reorganisation proposals.

The company, which intends

COMMODITIES AND AGRICULTURE

Farmers in US exact high price for Bush support

in Washington

THE US administration, which has been showering money on US farmers in a bid to win votes in the crucial Mid-western states, is finding that the price of their support may be more than the president can

Mr Bush's most dramatic offering to his farm constituents was his announcement earlier this month that subsidies would be made available under the Export Enhancement Programme for an additional 1.1bn bushels of wheat.

The announcement, which outraged other wheat-producing countries, came one week after leaders of national wheat organisations met Mr Edward Madigan, the US agriculture secretary, to complain about the EEP programme.

Mr Madison Angell, president of the National Association of Wheat Growers, said: "We told the secretary that action was needed to get markets moving in the right direction. Our prices have dropped nearly \$1 a bushel since the beginning of the year, and the government's passive use of the EEP is one of the prob-

The initiative was extended

byists remained unsatisfied. In its newsletter, US Wheat Associates said it was "unfortunate" that countries such

Colombia had not been included. They said the president was "bowing" to Canadian and Australian requests to leave

these markets "out of US

as Mexico, Indonesia and

wheat farmers' reach". The White House has had other goodies for the farmers. On Monday it announced a \$1.15bn food assistance package to Russia, including \$250m in aid and \$900m in credit guarantees to the end of February. Farm lobbyists had requested \$1bn in credit guar-

President Bush has also made available \$755m in emergency funding for farm disasters for winter grain producers to cover 1992 harvest losses. That might have been enough before Hurricane Andrew wreaked havoc upon Florida and Louisiana, where damage

estimates are at least \$3bn. Meanwhile, some farmers are less than enthusiastic about the North American Free Trade Agreement. The fruit and vegetable growers in Florida failed to receive exemp

Brazil coffee exports fall

MINOR METALS PRICES

By Bill Hinchberger in Sao Paolo

Brazil exported 1.3m sacks of coffee in August, down from 2.2m for the same month last year, according to figures from the Brazilian Federation of Coffee Exporters (FEBEC). Due to record low prices, receipts were off even more sharply, at \$64.3m for the month, com-

Prices from Metal Bulletin (last

ANTIMONY: European free

BISMUTH: European free

market, min. 99.99 per cent, \$

per lb, tonne lots in warehouse,

CADMIUM: European free

COBALT: European free

market, 99.5 per cent, \$ per lb,

in warehouse, 19.00-20.00

MERCURY: European free

market, min. 99.99 per cent, \$ (same).

market, min. 99.5 per cent, \$

per lb, in warehouse, 0.65-0.85

market 99.6 per cent, \$ per tonne, in warehouse, 1,680-1,745

week's in brackets).

2.25-2.50 (2.30-2.60).

(same).

pared to \$151.4m last year Despite lower monthly export figures, volume for the first eight months saw a 0.6 per cent increase compared to the same period last year, standing at 11.6m sacks. Again, depressed prices hurt income, down 23.1 per cent. This year's

per 76 lb flask, in warehouse,

MOLYBDENUM: European

free market, drummed molyb-

dic oxide, \$ per lb Mo, in warehouse, 2.30-2.35 (same).

market, min 99.5 per cent, \$ per

lb, in warehouse, 4.80-5.50

ke) WO₁, cif. 53-62 (same).

V₂O₅, cif. 1.95-2.10 (same).

TUNGSTEN ORE: European

SELENIUM: European free

135-150 (same).

receipts through August were \$700.8m, down from \$911.5m for Investment interest has the same period in 1991.

record levels this year,

free market, standard min, 65 per cent, \$ per tonne unit (10 VANADIUM: European free market, min. 98 per cent, \$ a lb URANIUM: Nuexco exchange value, \$ per lb, U₃O₃, 8.05 | have been a stepwise change in behaviour.

Institutions increase demand for LME metal

By Kenneth Gooding, Mining Correspondent

A NEW and volatile source of demand for London Metal Exchange metals has arrived because more financial institutions are investing in commodities, according to Mr Phillip Crowson, chief economic adviser at RTZ Corporation, the world's largest mining

company. He says: "Given the size of the metal markets, only a small shift in fund investment could push prices up substantially."

Compared with other financial markets, the LME was relatively small, he said. The total value of all the exchange's metal stocks was only \$2.2bn at the start of 1992 and \$3.4bn in late August.

"The total cost of buying up existing stocks of some individual metals would be relatively low, although only a portion would be needed to influence the market."

In a paper which RTZ will present to analysts and investment fund managers, Mr

LINE WAREHOUSE STOCKS (As at Monday's close) lornes

Aluminium	-350	to 1,358,650
Copper	+3,000	to 281,800
Lead	+ 100	to 156,625
Nickel	+300	to 44,688
Zinc	+450	to 354,075
Tin	- 105	to 14.630

Crowson says it has been suggested that the financial institutions start investing in commodities for the first time for ten to 15 years to diversify their portfolios. "In practice, the prospective

returns from price appreciation have appeared considerable when compared with likely returns from alternative

helped to drive LME turnover which is much greater than the value of its stocks - to

Mr Crowson, who is an LME director, says: "This is fine as long as the institutions pay more than lip service to portfolio asset management, but not if they become mesmerised by patterns of prices on

"The recent experiences of the gold market show the potential dangers of changing investment fashions."

But the development of more complex trading strategies, linked largely to the growth of options markets, and the transfer of precious metals market experience to base metals suggests "there may

Canadian report confirms increased investment abroad at expense of home budgets

Mining ministers come under attack

anada's mining indus-try will be giving fed-✓eral and provincial mines ministers a hard time when the ministers hold their annual meeting in the Yukon

this month. Top of the agenda will be a report on the investment climate in Canada by a government-industry task force. The report, not yet made public, will confirm that Canadian mining companies are cutting exploration budgets at home while increasing investment

"It's not that the bottom is falling out, but there's a drift away from Canada's attractiveness," says Mr George Miller, president of the Canadian Mining Association in Ottawa.

Others are more forthright. Mr Jim O'Rourke, president of Princeton Mining of Vancouver and chairman of the British Columbia Mining Association, complained in a recent speech that "the resource industries of the province have been milked and drained to support costly government programmes and a standard of living which makes our operations uncompetitive in international markets."

Evidence of mining companies' unhappiness with the business climate in Canada is not hard to find. Falconbridge. the big nickel producer, has closed its exploration office in Vancouver and moved five employees and their families to Santiago, Chile. A growing

Mining taxation



number of junior mining companies listed on the Vancouver stock exchange have their operations outside Canada.

About 40 Canadian mining companies are now active in Chile, helping to make Canada the biggest foreign investor there in 1991. Others have gone to the US. Mexico. Australia, Indonesia and elsewhere. "The exodus is now in full swing." said Mr Robert Holbauer, Cominco's president, in a speech earlier this year.

The discontent is greatest in Ontario and British Columbia, which are both ruled by interventionist, social-democratic governments. By contrast, Mr Claude Drouin, general manager of the Quebec Mining Association, says companies in the francophone province have

Per cent "fairly good relationship" with the government. Manitoba recently unveiled incentives, including cash grants, to

encourage exploration. The list of complaints is long, but can be grouped into three main categories: high taxes, lengthy delays in getting projects off the ground, and increasingly rigorous environmental assessments.

The tax burden on mining companies in Canada is among the highest in the world. But the industry is especially critical of a lengthening list of government levies which bear no relation to profits.

These include licensing fees,

fuel taxes and the spiralling cost of funding workers' compensation claims. The Ontario Mining Association estimates that its members are exposed to a C\$1bn unfunded liability in the province's workers' compensation fund. Muncipalities in the province went a step further recently by suggesting that they be allowed to levy property taxes on underground facilities as if they were on the surface. Sandy Laird, senior vice-president of Placer Dome. the Vancouver-based gold producer, said earlier this year that "the probability is that future changes will increase, not decrease, the tax burden for the mining industry. From

the point of view of tax, British

Columbia must be counted as a

high-risk region."
The industry also frets about long delays in the approval process for new mines without any assurance that, in the end, the projects will be allowed to go ahead. Mr O'Rourke gives the example of a relatively small garnet quarry in British Columbia, where the provincial government has insisted on a study on markets and competitors before it allows construc-

tion to proceed. Placer Dome estimates that the project-approval process lasts an average of more than two years in B.C. compared to about a year in Nevada and Papua New Guinea, six months in Australia and virtually no delay at all in Chile.

"The stonewalling is the worst of it," says a Falconbridge official. Besides the usual criticism about bureaucratic inefficiency, applications for mining rights are invariably bogged down by environmental concerns and by disputed aborigi-

nai land claims. "We're not against the environment," says Mr Drouin in Quebec, "but it's difficult to break a rock without creating

dust and making a noise." The most bitter battle is taking place over the Windy Craggy property, located amid the spectacular mountains of northwest B.C. Geddes Resources of Toronto has spent some C\$50m evaluating what appears to be Canada's biggest copper and cobalt deposit.

But the provincial parks service and environmental groups throughout North America are nushing hard to kill the project before a mine is built.

Mining executives acknowledge that their complaints might be less strident if commodity prices - and therefore profits - were higher, or share prices stronger. According to a Price Waterhouse study, mines in British Columbia, lost C\$1.04bn in 1990 and another C\$485m last year.

But the companies also say some concerns have little to do with the business cycle. Mr Holbauer said in his last annual report that other countries were seeking to attract mining investment through changes to ownership laws. lower tax rates and minimising

Indonesian gas offer | India to give tea credit to Russia

By William Keeling in Jakarta

INDONESIA has unveiled a package of incentives to

improve the commercial viability of developing gas fields and to entice production companies to explore frontier areas for oil. The package allows a more rapid depreciation of the capital costs of developing gas fields, while increasing the production companies' share of 'equity" gas - the gas produced after the current costs of production have been

deducted. Companies signing new conventional contract areas will receive 35 per cent, up from 30 per cent, of equity gas, with

the rest taken by Pertamina. indonesia's state-owned oil and gas utility. In frontier areas, companies will receive 40-45 per cent of equity gas, depending on water depth.

For companies operating existing contracts the equity split is unchanged, except for deep water frontier areas where the split is increased from 30 per cent to 40 per cent. The package does not

increase the price paid by Pertamina for gas of about \$2 per million cubic feet. Oil executives say the price must be raised if sufficient gas is to be developed to satisfy growing demand, mainly from power generators.

By Kunai Bose in Calcutta

THE INDIAN tea industry is expecting the federal government to release a fresh tranche of technical credit of \$38m (£17m) to Russia in order to enable it to buy about 19m kg

The government has acceded to the tea industry's plea to sanction further technical credit following Russia's agreement to supply between 800,000 tonnes and 1m tonnes of crude oil from November.

The Russian buyers will be returning to the auction centres in north and south India next week mainly to buy bolder CTC brokens, orthodox to Poland in the current year is

and medium Darjeeling teas. Since the prices of all varieties of tea fell sharply following the Russian withdrawal from the auctions in the third week of August, their return is expected to boost market senti-

Russia, which until its withdrawal had purchased about 16m kg of tea using a technical credit of \$32m, is to buy 65m kg of tea this year under the trade protocol.

Although tea sale to Russia has been deadlocked, Indian tea sales for re-export to Russia have increased, according to Mr Vijay Dudeja, spokesman for brokers. Indian tea export

expected to be 20m kg, against 12m kg last year.

The Indian tea industry is hopeful of finalising an agreement with Iran shortly for the export of 2.5m kg of packet tea Iran has already bought 15m kg of bulk tea from India and it is believed India may sell it a further 8m kg of packet tea

this year. Meanwhile, India's tea output in the first seven months of 1992 declined by nearly 28m kg to 326m kg. With high temperatures slowing down tea plucking in Assam and West Bengal, this year's tea crop could be as low as 690m kg, against last year's record crop

UN study says fuel price could rise by 9% next year

WORLD commodity prices are tial output increase from new expected to rise about 7 per cent in 1993, while fuel prices could climb 9 per cent, according to a UN study, Reuter and Development Conference reports from Geneva. However, petroleum prices

capacity and by quota disagreements in OPEC.

The United Nations Trade (UNCTAD) said in an annual Trade and Development Report may be constrained by a poten- that export prices for primary Africa.

commodities may rise by about 1 per cent in 1992, after falling about 11 per cent last year, Food prices should prove the firmest, led by higher demand for cereals in central and eastern Europe and in sub-Saharan

160.012 lots

(Prices supplied by Amalgamated Metal Trading)

1316-7

drop sharply because of record output and moderate consumption this year.

Although prices of mineral raw materials are declining, and are expected to rise only slightly on average in 1993.

Cotton prices are expected to non-ferrous metal prices are expected to rise steeply after declines this year. The UNCTAD report said

prospects for tin prices appeared "particularly promising if production cutbacks con-

WORLD COMMODITIES PRICES

Previous High/Low

Previous High/Low

617 605

COCOA ~ London FOX

781 778 793

Turnover: 4831 (5692) lots of 10 tennes ICCO Indicator prices (SDRs per tenne price for Sep 14 770.58 (775.32) 10 day for Sep 15 783.11 (786.45)

Turnover:4181 (2810) lots of 5 tonnes ICO Indicator prices (US cents per pou Sep 14: Comp. daily 44 95 (45.37) 15 day age 48.20 (48.22)

Close Previous High/Low

Close Previous High/Low 123.00 124 00 123.00

1162 1157

119.00 118.70

54.6 56.8 58.0 54.0

POTATOES - London FOX

Turnover 7 (0) lots of 20 tonnes.

PIGS - London FOX (Cash Settlem

MARKET REPORT A rapid afternoon rally in the dollar caused some irregular METALS on the LME after their generally firmer trend in the morning. The ERM realignment and German interest rate cut reduced upward pressure on European interest rates and raised hopes of economic strengthening of the dollar made prices more expensive in local currency terms and buyers, at willing to chase. Dealers noted a copper strike threat in Poland and Alcan's pollines reopening. but currency was the main focus

ahead as short covering triggered buy stops in a thin market. But unless there is a matching gain in Kuala Lumpur, prices could struggle to maintain these levels today. In Chicago SOYABEANS were trading sharply higher in late afternoon trading on commission house and fund buying as fears of frost supported the market. New York **COTTON** futures were higher on uncertainty over how much of Pakistan's crop will be lost to widespread flooding. PRECIOUS METALS remained steady in Europe as prices continued to consolidate after

SPOT MARKETS			SUGAR	- Londe	n FÖX	(\$ per tons
Crude oil (per barrel FOB)(Octi	+ or -	Rew	Closa	Previous	High/Low
Dubai	\$18 50-8 602		Oct	211.00	210.80	210.00 209.80
Bront Bland (datas)	\$20.45-0.55		Dec	202.00	204.80	200.00
Brent Blend (Nov)	\$20.65-0 65		White	Close	Previous	High/Low
WT1 (1 per est)	\$22.00-2 US:	-0.05	Oct	264 70	265.50	265.20 256.00
OR products			Doc	260.00	259.30	260.10 258.50
(NWE prompt dalivery per	tonne CIF		Mar May	262.70 265.60	262.50 265.30	263.10 261.50 264.80 264.00
		+ 01 -	AUG	269.10		268 00
Premium Casolina	\$219-221	+1	Oct	259 60	259.80	258.50 258.20
Gas (hi	\$191-192		Turnova	C Flater 11	14 (163) los	a of 50 tennes.
Huavy Fuel Oil	\$91-93	+1	White 2	43 (2058) Paris- Wi	ute (FFr per tonn
Naphtho	\$190-191	-10		56 Dec		
Petroleum Argus Estimatos	<u></u>		CRUDE	OIL - II	PE	5/ber
Other		+ or -		Clos		
Guld (per troy az) 🖚	\$346.35	-0.20	No.	20.56		
Silver (pur tray az)	382.5c	+30	Nov Dec	20.56		20 77 20.55 20.70 20.50
Platinum (per troy oz)	\$361.00	-0 15 -0 10	Jan	20.48		20.63 20.48
Palledium (per troy oz)	\$90.40	-0.10	Feb	20 40	20.29	20.46 20 37
Copper (US Producer)	111.5c	106	Mer	20 25		20 25 20 19
Land (US Preducer)	40.1c		IPE Inde	x 20 59	20.40	
fin (Kuala Lumpur market)			Turnove	33487 (37482)	
Tin (New York)	309.50c					
Zinc (US Primo Westorn)	62.0c		GAS OII	IPE		S/ton
Gattle (Inve weight)	108.21p	-0.07*			Dam	
Sheep (liva walght)†♠	70.38p	-1 87*		Close	Previous	High/Low
Pigs Ilivo woight)†	78.72	-2.47°	Oct	192.50	193.25	195 00 192 00
Landon daily Sugar (raw)	\$245.8w	-0.2	Nov	195.00	198.25	198.00 194.75
condon daily sugar (white)		-7.5	Dec Jan	197.00 196.75	197.75 197.75	199.00 196.25 198.50 196.50
Tale and Lyle export price		-1.5	Fob	193.25	194.00	195 00 192.50
			Mar	187.50	188.00	189 50 187 50
Barley (English foed)	£1120		Apr	182 75	184 00	185 50 182.75
Maize (US No. 3 yellow)	£149.0		May	180 50	181.75	181 75 180 50
Whost (US Dark Northern)			Just .	130.75	181.75	181.00 180.75
Rubbur (Oct)♥	52.50p		Turnove	11631 (0492) lots	of 100 tonnes
Rubber (Nov)♥	52.50p					
Rubbar (KL ASS No 1 Jul)	221.5M	+2.5				
Coconut oil (Philippines)§	5612.5t		JUTE	elene (Cort		F Dundee: BTC
Point Cil (Malaysian))	\$405.0u					BWD \$345. C
Copra (Philippinos)9	\$325 0 £134.5m	-25 -10				BWC \$345, BTD
Soyaboums (US) Colbun "A" Index	56 50	+0.20		WD 5325		
Joseph 'A (naex Nooitops (643 Supor)	388p	. 4.20	1			
			COTTO			
a torma unless otherwise	stoted. p-pe	nçevirg. Sandinal			ind shipme	
-conts/lb. r-ringgiVkg.t-l				ted to nil Prévious		linst 306 tonnes
-Oct/Dec u-Oct z-Nov. tMe age tatstock prices." chang PLondon physical, SCIF R	e from a we	ek ago	(a deligida	WOCK.	

_		en FÖX	(\$ per tonn
Rew	Close	Previous	High/Low
Oct	211.00	210.80	210.00 209.80
Dec	202.00	204.80	200.00
White	Close	Previous	High/Low
Oct Doc	264 70 260.00	265.50 259.30	265.20 256.00 260.10 258.50
Mar	262.70	262.50	263.10 261.50
May	265.60	265.30	264.80 264 00
Aug Oct	269.10 259 60	259.60	268 00 258.50 258.20
White 2) Paris- Wi	s of 50 tonnes. hite (FFr per tonne
CRUDE	OIL - 11	æ	5/berr
	Close	e Previo	us HighyLow
Nov	20.56		20 77 20.55
Dec	20.55		20.70 20.50
Jan Feb	20 48 20 40		20.63 20.48 20.46 20 37
Var	20 25		20 25 20 19
PE Indi	ex 20 59	20.40	
Turnove	r 33487 (2	37482)	
2A5 O	L - IPE		S/tons
	Close	Previous	High/Low
Oct	192.50	193.25	195 00 192.00
Nav	195.00	198.25	198.00 194.75
Dec .	197.00	197.75	199.00 196.25
lan Fab	196.75 193.25	197.75 194.00	198 50 196.50 195 00 192.50
Mar	187.50	188.00	189 50 187.50
Apr	182 75	184 00	185 50 182.75
Way	180 50	181.75	181 75 180 50
ksi	130.75	181.75	181.00 180.75
Turnove	rr 11631 (1	10492) lots	of 100 tonnes
JUTE			

	Cash 3 months	1289-9 1314-5		1279- 1302-	80 3	1282 1319/12	96.5
	Lead (£ pa	r tonne))				
	Cash 3 months	334 5-0 342-3	5.5	333-5 343-3	.5	337 345/343	
). Daily	Miciosi (S p		9)				
sverage	Cash 3 months	7005-1 7075-8	0	6925- 7005-	35 10	7120/70	30
	Tin (\$ per						
\$/tonne	Cash 3 months	6780-5 6825-3		6670- 6725-	80 30	8850/67	45
	Zinc, Spec	lei High	Grade	(\$ per	tonne)		
	Cash 3 months	139 8-4 1 1359-6	Ď	1376- 1356-		1390 1370/13	 55
	LME Closi SPQT: 1.87	ng E/S r 715	ate:	3 mon	its: 1.8	388	
and) for	LONDON	وسانع	и ма	RKET			N
y avor-	(Prices su	pplied b			hild)		
aa	Gold (troy	Oz) \$ pri	ice	2	equiv.	alent	G
E/tonne	Close		10-348				Se
	Opening R		10-346. 20		82.019		Oc
	Attemoon	fix 345.9	90	1	82 514		No De
	Day's high Day's low	346.1	40-347. 10-346.	50 50			Fe Ap
	Loco Lán I				lates (/s USE1	ىپ ئاق
E/tonne	1 month		.37	6 mar	_	236	Au
	2 months	2	.35	12 mg		241	00
	3 months Silver fix		.34				PL
		p/tro			IS cts	adnia	ō
	Spot 3 months	199 3 204,4			78.50 81.25		Ja
	a months	209 7	15	3	84.20		Αp
ex point	12 months	220.5	3 0	3	90.95		
	GOLD CO						
			rice		E equih		Se
	Krugerrand Magle leaf		1.00-34 1.35-35		181.00-	183.00	Oc No
	New Sover		00-86.0	0	44.00-4	5.00	De
	TRADED (OPTION:	5	_			Jar Ma
	Aluminium	(99.7%)	C	alis		Puts.	Ma Jui
Crionne	Strike price	nnot 2 e	e Oct	Jan	Oct	Jan	Sep
	1250		35	86	3	13	De
	1300 1350		6 3	35 16	24 68	32 62	HK
0	Copper (Gr	ade A)	C	alis	 ,	Puts	_
0 5	2350		76	101	5	32	Seg
7	2400		39	71	17	51	No
	2450		15	48	43	77	De: Jar
_	Collee		Nov	Jan	Nov	Јап	Feb
5 0	850		113 69	132	2	4	Ари
	700 750		35	90 56	8 24	12 28	Me
).	Cocce		Dec	Mer	Dec	Mer	Jul
	525		90	123	2	8	SU
it) p/kg	550 575		69 50	102 84	6 12	10 17	-
-4 has							0
	Brent Crud		Nov	Dec	Nov	Dec	Lie

Cash 1273-4 1273.5-4.5 3 months 1294-4.5 1235-8.0

Copper, Grade A (E per tonne)

		Total d	ally turno	ver 5,541 lots
:	338-7 343-3.5	343-4	26	8,991 lots
				ver 6.294 lots
- (1992-6 1065-6			
	7065-6	7080-5		0.104 lots
	765-70	Total di	aily turno	ver 2,452 lots
	815-6	6848-50) 1	1,324 lots
		Total da	ily tumow	er 23,085 lots
- !	390-1 366-7		-	
	300-/	1358-9	62	5,347 lots
6	months: 1.	8050	9 m	ontha: 1.7749
	V			
N(ew Y	ork		
GOL	D 100 troy	oz : \$/tray	DZ.	-
	Çlose	Previous	High/Lo	W
Sep	348.4	346.8	346.0	346.0
Dct Nov	346.9 347.5	347.3 347.8	347.1 0	346.2 0
Dec	348.4	348.8	348.9	347.5
Feb Apr	349.9 351.3	350.3 351,7	350. t 351.8	349 <u>.3</u> 351.0
ken	352.9 354.6	353.3	352.7	352.7
lici Jici	354.6 356.3	3\$5.0 3\$6.7	0	0
		70y oz \$/hr		 -
	Glase	Previous	High/Lo	w
)ct	364.9	381.5	365.5	359.6
lan	382.9	359.2	363.0	357.5
igr W	361.4 362.1	357.8 368 8	381.0 0	358.0 0
ULVI	ER 5,000 b	Oy QZ; Cent	s/trov oz.	_ <u>`</u>
	Close	Previous	High/Lo	
ep	\$80.6	377,1	380,0	376.0
lot lov	380.7	377.2	377.5	377.5
ov.	381.5	378.0 379.7	0 385.5	0 379.0
lec	383.2		0	0
ec an	384.5	381.0		
ec an far	384.5 388.9	363.3	388.5	383.0
iec an far fay ui	384.5 388.9 388.4 391.7	363.3 365.7 388.0	388.5 387.5 391,5	386.0 ·
ec an far lay ui ep	384.5 388.9 388.4 391.7 394.1	363.3 365.7 369.0 390.4	388.5 387.5 391,5 393.0	389.5 389.6
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ec an far fay ui ep ec	384.5 388.9 388.4 391.7 394.1 396.1	363.3 365.7 388.0 390.4 394.4 OPPER 25,0	388.5 387.5 391.5 393.0 398.0	385.0 389.5 393.0 356.0
ec an far fay ui kep kec	384.5 388.9 388.4 391.7 394.1 396.7 GRADE C	363.3 365.7 369.0 390.4 394.4 OPPER 25,0 Previous	388.6 387.5 391.5 393.0 398.0 High/Loc	386.0 · 389.5 389.5 393.0 396.0 mts/lts
ec an far fay ui ep ec	384.5 388.9 388.4 391.7 394.1 398.1 GRADE C Close 106.95 107.20	383.3 385.7 388.0 390.4 394.4 OPPER 25,0 Previous 107.45 107.75	388.5 387.5 391.5 393.0 398.0	385.0 · 389.5 · 389.0 · 386.0
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ec an lar lay ui ep ec lov ec	384.5 388.9 388.4 391.7 398.7 GRADE C Close 106.95 107.20 107.90 107.90	363.3 385.7 388.0 390.4 394.4 OPPER 25,6 Previous 107.45 107.75 108.10 108.45	388.6 387.5 391.5 393.0 398.0 000 lbs; ce High/Lo 109.00 107.50 108.15 109.00	386.0 389.5 389.5 393.0 396.0 mbs/lbs
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ection light epical light epica	384.5 388.4 391.7 396.1 396.1 396.1 396.1 107.20 107.90 107.90 107.90 107.90 107.90 107.90	383.3 385.7 388.0 390.4 394.4 OPPER 25,0 Previous 107.45 107.45 108.45 108.45 108.50 108.53 107.95	388.5 337.5 393.0 398.0 100 lbs; cc High/Lo 108.00 107.50 108.15 107.80 0 108.70 0 108.00	385.0 389.5 393.0 396.0 396.0 105.85 107.25 107.25 107.80 0 107.80 0
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ectan far lay use pector lay estate lay esta	384.5 388.9 388.4 391.7 394.1 398.1 GRADE C Close 106.95 107.20 107.90 107.90 107.90 107.90 107.90 107.90	383.3 385.7 389.0 390.4 394.4 394.4 394.4 107.45 107.75 108.45 108.45 108.50 108.50 107.85	388.5 387.5 393.0 392.0 392.0 100 lbs; ce High/Lon 108.00 107.50 108.00 0 108.70 0	385.0 - 389.5 393.0 396.0 396.0 396.0 396.0 396.0 396.0 396.0 396.85 107.25 107.25 107.20 107.20 0 107.20 0 0 107.50 0 0
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lection lections and lections	384.5 388.4 391.7 394.1 398.1 GRADE C Close 106.95 107.20 107.90	383.3 385.7 389.0 390.4 394.4 394.4 394.7 107.75 108.10 108.45 108.45 108.45 108.50 107.65	388.5 387.5 393.0 398.0 398.0 100 lbs; ce High/Lon 107.50 108.15 109.00 0 107.80 0 108.70 0 108.70 0 108.70 0 108.70 0 108.70 0 108.70 0 109.00	385.0 389.5 393.0 396.0 396.0 396.0 107.25 108.10 107.25 108.10 107.26 0 107.20 0 107.50 0

CRU	DE OIL (L	ight) 42,000	US galt	S/barrel	- Ch	nicag	10		•
	Close	Previous	High/	Low			000 bu min;		4b.al
Oct Nov	22.18 22.02	22.31 22.15	22.27	22.15		Close	Previous	-	
Dec	21.91	22.04	22.11 22.00	21.98 21.66	Sep	561/4	584/4	564/0	658/1
Jan Feb	21.78 21.64	21.91 21.78	21.89	21.77	Nov	556/6	547/0	558/4	551/2
Mar	21.50	21.65	21.76 21.60	21.84 21.48	Jan	554/2	554/2	565/8	559/
Apr	21.37	21.52	21,43	21,37	Mar May	672/0 579/6	562/4 570/0	573/4 580/0	567/- 574/-
May Jun	21.25 21.14	21.40 21.30	21 31 21.21	21,28	Jul	586/2	576/6	587/0	581/
Jul	21.04	21.20	21.14	21.18 21.09	Aug	587/2 580/4	577/6 572/4	587/4	584/
HEAT	TING OIL	42,000 US g			_ Sep		. 60,000 lbe;	581/0	578/
	Close	Previous	High/L	.OW	_ ====	Close	Previous	High/Los	
Oct	6309 6405	6354	6335	6275	Sep	19.60	18.71	19.60	18.85
Dec	6490	6453 6539	6430 6520	6370 6460 .	Oct	19.60	18.77	19.61	. 18.90
Jan	6518	6563	6545	6495	Dec Jan	19.92 20.09	19.06 19.22	19,95 20,10	19.15 19.36
Feb Mar	6418 6173	5468 6206	6140 6190 ·	6395 6160	Mar	20.32	19.48	20.10	19.62
Apr	5958	5981	5965	5050	May	20.57	19.76	20.60	19,90
May	5508	5821	5810	5780	Jul Aug	20,75 20,91	19.98 20.08	20.75 0	20.25 0
Jun Jul	5718 5683	5726 5701	5720 5700	5720 5670			AL 100 tons;		
COCC		265;\$/10nne:			_ =====	Close	Previous.	High/Lov	
	Clase	Provious	High/L	OW	Seo	172.6	170 0	172.8	170.5
Sep	966	987	990	966	— Oct	189.6	188.2	· 190.3.	186.0
Dec	997	1017	1022	990 :	Dec Jan	189.8 189.6	188.0 188.2	190.3	188.9 188.8
Mar May	1046 1078	1070 1098	1073 1104	1044 1078	Mar	189.6	187.9	190 2 190.3	188.5
Jui	1107	1127	1128	1110	May Jul	189.5	187.9	190.0	188.8
Sep Dec	1136 1174	1156	1162	1131	Aug	190.7 191.1	188.9.1 190.0	190.8 191.1	189 5 194.0
Maz	1211	1190 1228	1190 1233	1174 1206			min; cents/		
May	1238	1263	0	0	_ ==	Close	Previous	High/Lov	
COFF		,500lbe; cer			Sep	226/2	224/0	227/0	225/2
	Close	Previous	High/Lo	7ef	Dec	221/0	217/4	222/0	219/2
Sep	51.55	49.95	51.25	49.25	- Mar May	229/4 236/0	226/0	230/4	227/6
Dec Mar	52,16 63,60	51,35 53,10	52.70 54.20	50.80	Jul	240/2	232/0 236/8	236/2 240/4	234/2 238/0
May	57.65	57.30	58.00	52.65 58.80	Sep	240/6	237/2	240/6	240/2
Jul Sep	59.70	59.20	59.90	58.60	Dec	244/0	240/8	244/0	242/2
Dec	61.15 64.40	60.85 64.00	61,25 0	60.75 0	WHEA	T 5,000 bu	min; cents/	60tb-bushe	
						Close	· Previous	High/Lov	_
COTTO		cents/lbs			– Sep – Dec	323/0 384/0	321/0 382/4	324/4 536/0	921/4 333/0
	Close	Previous	High/Lo	W	Mar	340/0	339/2	342/2	339/2
Oct	58.65	57.06	58.70	57.05	- May Jul	335/6	335/4	339/4	339/0
Dec Mar	55.84 58.47	54.68 55.55	55.90 67.00	55.80	Sep	317/0 321/6	317 <i>1</i> 6 322/4	319/0 524/0	315/4 321/4
May	57.00	56.13	57,36	55.40 65.05	Dec	334/4	333/0	3344	334/4
Jul Oct	57.76	56.65	56.10	56.70	LIVE	ATTLE 40	000 lbs; cer	ta/lba	
Dec	58.60 58.85	57.73 58.00	58.20 . 59.00	· 68.20 58.05	-	Close	Previous	High/Low	
Mar	59.80	0	58.70	58.70	Oct				
ORAN	IE JUICE	15,000 lbs;	cents/lbs		Dec	75.625 73.225	75. 82 5 · 73.425	76.100 . 73.800	75 575 73 954
	Close	Previous	High/Lo		. Feb	72.375	72.475	72.800	72.38
Sep	118.50	116.05			Apr Jun	73.525 70.500	73.600	73.775	73.450 70.350
Nov	115.30	112.65	118.50 115.40	116,80 113.00	Aug	89.075	70.350 66.900	70.675 69.400	69.07
Jan	114.95	112.30	114 95	112.80	Oct	88.950	68.925	99.600	68.950
Mer Mey	115.00	112.46	115.25	112.90	. LIVE H	OG\$ 40,00	00 lb; cents/1	ba.	· · ·
Jul	115.95 115.45	113.95 113.40	115.50 115.60	114.00 115.50		Close	Previous	High/Low	
Sep .	115.45	113.40	0	0	Oct	40.750			40.650
Nov Jan	115.45 115.45		0	0	Dec	41.925	40.700 42.150	41.000 42.175	- 41.750
		113.40	v	ů	Feb	40,575	40.725	40,800	40.500
					· Apr Jun	38.825 44.425	38.850	39.000	38.800 44.425
INDK	75				Jul	44.350	44,450 44,400	44,550 44,350 .	44 350
REUT	ERS (Base	e: Septemb	er 18 101	1 - 100	Aug	43 225	43.300	43.260	40 225
	Sep 15			70 yr 890	Oct	40.400	40.400	B	<u> </u>
_	1531.0	1528.6	1524.5	1637.0	PORK		0,000 lbs; ce		<u> </u>
DOW.	KONES (B	ase: Dec. 3	1 1974 =	100)		Close	Previous	High/Low	
	Sep 14	Sep 11		o yr ago	Feb Mar	40.825 40.800	41 500 41,375	41,550	40,650 40,800
Spot	118.04	118.03	115.84	117.81	May .	42, 150	42,700	41,400 - 42,450	42,000
ruture	s 114,96	114,45	115.55	122.98	Jul [*]	42,400	42.900	42.800	42.250
					Aug	41,350	42.350	42.025	41.950

LONDON STOCK EXCHANGE

Equities slide on interest rate fears

THE OPTIMISM kindled in the UK stock market by the reductions in German interest rates was quashed yesterday by sterling's slide to within a bair's breadth of its permitted ERM low, which brought renewed fears that UK base rates might have to be pushed up sharply to protect the pound. The slide in share prices gathered pace towards the close and the FT-SE Index ended 52.1 down as the market resounded with suggestions that UK rates could be forced higher by two points without waiting for the Maastricht referendum in

France this weekend. City analysts at the leading

moned to meetings after trading hours last night. Nerves came in for further testing following reports that Mr John Major, the UK prime minister, had cancelled plans to return to the Continental holiday interrupted by the Bundesbank's actions last weekend, and also by unconfirmed rumours of crisis meetings at either the Bank of England or at Downing Street.
The day's loss on the Footsie

wiped out Monday's gain and left the Index at a closing level of 2,370 last night. The big institutions, having taken the opportunity to sell into a firm market on Monday, appeared to be less active yesterday. Seaq volume, which increased towards the end of the session when sterling was challenging

Sep 21 Qct 15 Oct 2 Oct 16 Sep 18 Count Day: Sep 28 its ERM low and the Bank was

Account Dealing Dates

believed to be supporting the UK currency, totalled 507.3m shares; Monday's Seaq total of 537.9m shares reflected retail business worth £971.7m, still on the low side. With City analysts and the

Nomura's Nicholas Knight, the spokesman for the bears, described the Bundesbank's investment press taking a negative view of the likely effects actions as no more than an of the Bundesbank's rate cuts, anaesthetic for the financial the UK stock market made a markets; "the anaesthetic will wear off," he warned clients gloomy stary to the day. "The

soon as we saw the Footsie

open six points off after Wall

overnight, commented one

melted away and occasional

pauses to test support levels

invariably crumbled before the

market's negative sentiment,

Widespread falls in govern-ment bonds and persistent pressure on stock index futures

left equities to close at virtually the lowest levels of the

leading dealer.

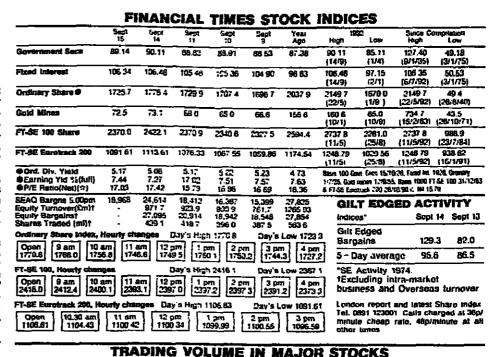
Street had climbed 70 points

The Footsie 2,400 mark

yesterday morning.
The fear that UK interest rates would be forced higher outweighed other considerations, including Wall Street's strength and even the suggestion of a sterling daveluation which also circulated in the

financial markets. Building and construction shares, the chief casualties from high base rates, gave back all and more of the cau-tious gains achieved on Mon-

day.
The international stocks brushed aside Wall Street's rally, which was reversed early in the new session when the Dow was 29 points off. BAT Industries, Glaxo and Wellcome were cut back as investors in the London market



CU dips on share sale hints

WIDESPREAD suggestions that Sun Alliance had sold its near 15 per cent stake in Commercial Union were still unproven at the market close yesterday, but many traders believe that such a deal is not

far away. A quiet opening in Commercial Union shares changed dramatically as the stock fell on suggestions that Sun Alliance had sold its CU holding via a bought deal. CU shares dropped from 509p to 490p as a series of rumours swirled around the market early in the session. However, a spokesman for Sun Alliance declined to comment.

One suggestion was that Sun Alliance had sold its holding of around 60m shares to one of the big US investment banks at 470p a share, and that the bank was attempting to place the stock with institutions. Another variation was that Sun Alliance's joint brokers, S.G. Warburg and Cazenove, were attempting a placing of

However, the Seaq ticker produced no evidence of a large deal in CU shares, which ended the session 27 off at 483p on turnover of 2.9m. Sun Alli-ance eased 3 to 254p.

Sun Alliance acquired the bulk of its CU shareholding in August 1989 when it bought a 13 per cent stake, some 55m shares, from Adelaide Steamship, the Australian group then controlled by Mr John Spalvins. It paid 465p a share a "long term friendly holding".

Arjo Wiggins shock

Recent worries that Arjo Wiggins Appleton, the paper group, would struggle to achieve half-year profits of £100m, against £135.5m last time, paled into insignificance as the company stunned the market by chopping its interim payment. To make matters worse Arjo said it believed the final dividend would be cut by a similar proportion. The profits figure came to £99m.

The market had braced itself for the steep reduction in interim profits, with estimates said to have been as low as £95m, but none of the London-based analysts had factored in a lower dividend. Dealers said analysts had already begun to back at their full-year forecasts, with many shaving estimates by upwards of £20m.

NEW HIGHS AND LOWS FOR 1992

LONG FOR 1992
NEW HIGHS (15).
AMERICANS (3) Chrysler, Heatro, Varity.
GREWERS (1) Taxmbon Cider, CHEMS (1) Engelhard, INSCE BROKERS (1) Alexander
Engenard, and a state of the companies of Adex, BESCE LIPE (7) Torchmark, BV TRUSTS (2) Malaysis Cap. Select, World Tat Fd. Was, MOTORS (1) Statchley, OTHER FMCL (1) Senting Tat. PROP (1) Embassy, STURSS (1) Faceth Companies TEUTS
Tal. Fd. Wis., MOTORS (1) Statchiey, OTHER
STORES (7) French Connection, TEXTS (1) Torey, WINES (1) GM Kalgoorile.
BRITISH FUNDS (2) Tr 212 pc IL '01, Tr 212 pc
MATLS (4) Br Fittings, Epwin, Howeton,
BRITTESH FRINDES (2) Tr 24pps IL '01, Tr 24pps 12. ITZ, BRZWERS (1) Merrydown Wine. SLOG MATLES (4) Br Fibings, Envirs, Hewestern, Hemus, Busseless Servin, 6(6) BET, Enti- Corporate Servin, Dark, ENF Pact, Steathley,
CONGLONERATES (S) Agner Free A.
Contingion, Mosaic, Porter Chadburn, Ropiner, Cottri, a Copial Province Space Application College Country of the Chadburn, Ropiner, Cottri, a Copia Province Space
GALA, Crest Nicholson 5-2 pc Pf, McAlpine, View orders, Westbury, ELECTRICALS (5)
Genies Humler, Onle, Dette, Mectropics Tech.
indi Copirol Serve., P-E Ind., Palon.
Soundtracs, Vega, ENG AERO (1) Hunting. ENG OFFIC (6) Atlan. EIS. GEL Locker (1)
A. Simon, FOOD MANUF (2) Assoc. Br.
Hurser Saphir, M & W, HEALTH & HISTHOLD
Hard Cophrol Serve, P-E-108, P-Scott, Soundfract, Vega, ENS AERO (1) Humbing, DRG GEN (8) ARISH, ELS, GEL, Locker (1) A, Simon, POOD MANUF (2) Assoc Br. Foods, Urrigeto, POOD RETAILING (3) Geost, Humber Sapher, M & W. HEALTH & HESPHOLD (3) Haemocal, Negativ-RNA, Swallowield, HOTELS & LEIS (9) Airbrack, Friendly, HLTGe, Charge & Dougle, Custons Model, De
Hi-Tes, Owners Abroad, Queens Moel, Do
7 Jpc Pl, Do 7pc Pl, Starley, Thorn EM. INSCE BROKERS (1) Oriel, BISCE COMPOSITE (1) Travelers, BIY TRUSTS
COMPOSITE (1) Travelers, MY TRUSTS (25) Aberiorth Smitr. Co's, Abbrust New
Datem Wis., Archimedes Mc., Drayton
Recovery, Eng. & Caledonian, English Nati. Prkj., Euspoor Dual Inc., Do Zero Pf, Finsbury
Prid. Extensor Dual Inc., Do Zero Pf, Finsbury Guth., Finsbury Smitr. Co's., Finsbury Tst., Do A, Fulcrum Inc., Gen. Cons. Cap.,
Handarskin Spritte, Lightes Smill, Co & Cap.
Lon, & Stretictyde, Mid Wynd, Moorgets Smile, Co's Inc., Do Wis., New Throg Cap.,
Smile, Ce'e Inc., Do Wis., New Throng Cap., Pierer Plate, SPRAIT, Throng, 1000 Smile.
Co's, Thornton Asian Entrg. Mitta. Wis., MEDIA (2) Augis 9% pc P1, VTR, MTL &
A Least MOSC CD County Not-Swift, Sting.
Business, Spandar, Stad Pura, WSP, W000
(A). MOTORS (3) Channel, ERF, European. Oil, & GAS (5) Aberdoon, Crossroads. Edinburgh, Gaelle, Kingston, OTHER FRICE.
Edinburgh, Cartillo, Kingston, OTHER FINCL
(2) Cambridge, First Nati. Fin., OTHER SEC. MATLS (3) English Chine Clays, Kelsey.
Sizer, PACKO, PAPER & PRINTO (3) Arjo Wiggins A., Usher-Walker, Wace, PROP
(13) Asda, BDA, Br. Land, Briston Est.
Bucknail. City City Ests., Gt. Portland, MEPC. Shahasbury, Slough 8 4 pc Pt. St. Mowdon.
Town Contre, Whinney Meckey-Lewis, STORES (4) Austin Reed, Beatle A, Country
Casuels, Ern TEXTS (6) Alfied Text.
Bockman, Campan, Foser (J), Stocklard. Tomkinsore, MNRS (1) Chili Res.

Arjo stock was easily the Footsie's and the market's worst individual performer, plunging nearly 30 per cent to close 53 down at 129p, by far the lowest level since the company's June 1990 demerger from BAT

Gas offers

British Gas gave a notably sluggish display as dealers picked up hints that a number of hefty lines of stock were making an appearance in the market.

There were suggestions that the stock on offer came from institutions that were beginning to question the commer-cial viability of the transportation of gas from the UK group's joint venture in Khazakstan. The Khazakstan gas story

was behind a good run in British Gas shares earlier this year. By the close, the stock was 41/2 off at 2301/2p on turnover of 6.1m shares. The big banks moved with the market, Barclays sliding 13

to 310p and Royal Bank of Scotland, where there was exceptionally heavy trading, 8 Legal & General, where the market is still haunted by wor-

ries about domestic mortgage indemnity losses, retreated 13 The international/pharma-

ceutical sectors gave up some of Monday's big gains as the market preferred to focus on the sharp fall on Wall Street in

early trading yesterday rather than on renewed weakness in sterling against the dollar. Glaxo settled 14 off at 776p, as

51/4 to 4761/2p. Retailing group Kingfisher had a good session after reporting figures at the top end of market expectations. At the day's high the shares were up 11 at 485p, but came back with the market to close unchanged at 474p after volume of 3.6m. Dixons slipped 7 to 223p, with Kleinwort Benson reported to have advised investors to

Profit-taking left Rank Organisation 14 down at 454p. Motor repair group Kwik-Fit continued to suffer from Monday's release of disappointing half-time figures. The shares shed 7 to 89p, with BZW said to have joined other brokers that have downgraded expectations for the company's full year. Inchcape retreated 11 to 409p on profit-taking. In the hotel sector, chunky

eased 2 to 34p in trade of 6.2m reported to be the day's main

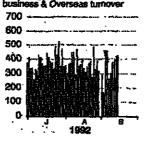
did Wellcome, at 867p. The oil market was brooding over the possibility that yet more earnings downgrades for BP may be on the way. BP shares eased 2 to 2021/p on 6.2m shares. Shell, in spite of the recent good dividend, lost

switch out of the stock and into Kinglisher.

Granada Group lost 15 to 220p, with County NatWest FT~A All~Share Index



Equity Shares Traded



seller. Turnover came to 4.9m. Thorn EMI ended 13 off at 657p in sympathy with Granada. USM-quoted travel and tour operator Airbreak Leisure Group plummeted 13% to 101/2p in reaction to Monday's announcement after the mar-ket close of interim losses, the

sellers were again seen in Queens Moat Houses, which passing of the dividend, a profits warning about the full year and the resignation of the chairman and finance director. Cadbury Schweppes was among a handful of stocks to buck the market trend. The shares firmed 2 to 432p as bid speculation once again did the

Food retailers were friendless throughout the session, retreating more than the gen-eral market in percentage terms. Tesco declined 7 to 208p in trade of 4.7m shares, while Argyll fell 13 to 314p and J. Sainsbury 10 to 426p.

Delta's interim figures disappointed the market, sending the shares plunging 25 to 353p. AB Electronics, after the losses and dividend omission,

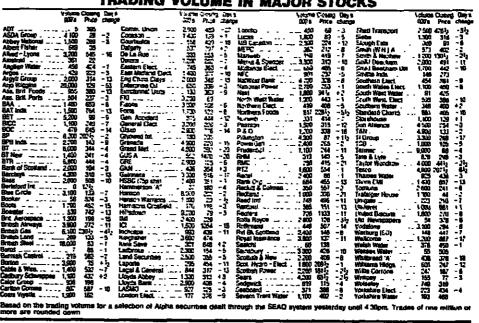
dropped 10 to 47p.
International conglomerate BTR saw busy trading of 6.8m shares as the stock shed 4 to 444p. It was also active in the traded options market, the equivalent of more than 3m hares being dealt.

Concern about the outlook for British Aerospace returned to upset the shares, which weakened 15 to 198p.

A profits downgrading sent Simon Engineering tumbling 33 to 138p, making it one of the day's worst performing stocks in percentage terms. Smith New Court cut its current year forecast by £3.5m to £13.4m, citing a lack of recovery in the company's Access operation in the US.

MARKET REPORTERS: Steve Thompson,

■ Other market statistics,



EQUITY FUTURES AND OPTIONS TRADING

IT WAS another heavy trading session in the derivatives market yesterday. This time, how-ever, sentiment turned sharply into reverse as sterling fell and the City of London flinched at the possibility that UK base rates might have to rise after all. Traders in stock index futures, where the premium on the December over the September contract

remained at recent levels, said

there was no heavy selling. "It

was more like Chinese torture," commented one. By the close, futures traders agreed with their colleagues in the stock market that the odds were now heavily on a rise in September totalled 17.634 contracts and the price slid in tandem with the FT-SE Index itself, closing at 2,363, a discount of about seven points. September expires on Friday and dealers were again busy

rolling positions over into the December quotation. In traded options, turnover remained high, at 33,293 con-tracts, albeit slightly under Monday's total. The FT-SE option attracted good business, recording 15,459 contracts, and the Euro-FT-SE was also active, on 1,313 lots.

BTR, regarded as vulnerable to higher interest rates, topped the actives list with 3,511 con-

WORLD TEXTILES

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS	T	pesday	Septe	mber 3	L5 199	12	Mon Sep 14	Sep	Thur Sep 10	Year ago (apprex)
Fi	& SUB-SECTIONS gures in parentheses show number of stocks per section	ladex No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Met)	xd adj. 1992 to date	Index No.	ladex No.	ladex No.	Index No.
1	CAPITAL G000S (175)	695.30	-1.6	8.39	6.39	15.35	22.52	706.53			856 30
2	Building Materials (23)	662.33	-2.9	7.98	8.30	17.35	27.19				1118.87
3	Contracting, Construction (27)	J 515.01	-0.6	4.92	10.39	67.72	25.74				1184.80
4	Electricals (9) Electronics (27)	1975.30	-3.4	8.53	7.61	15.51		2043.91			2404.47
5	Electronics (27)	1894.36	-0.8	8.53	4.55	14.63	46.63				1771.A1
6	Engineering-Aerospace (6)	285.82	-2.8	12.62	9.12	10.06	1353	294.19		281.43	368.73
•	Engineering-General (4.5)	1 410.50	-1.9	9.71	5.74	13.13	13.00				494.76
8	Metals and Metal Forming (7)	274.82	-0.8	6.32	7.96	22.99	7.30	277.13			
.9	Motors (14)		-1.8	9.34	8.28	14.07	14.02				
10	Other Industrial Materials (19)	1230'81	-1.1	7,86	5.22	15.37 16.04			1555.15		1622.47
끘	CONSUMER GROUP (191)	11407.20	-2.3	7.73	3.89	13.35	28.51		14%.94		
22	Brewers and Distillers (25)	1299T-41	-3.1 -0.8	9.04	3.98 4,87	12.52			1077.24		1237.82
25	Food Manufacturing (19)	1085.74	-2.6	9.87 9.76	3.64	13.35	26.54	2577.66			2633.40
20	Health and Household (25)	400E E2	-1.8	5.52	2.76	21.00			3978.62		
20	Medala and Laious (191	220 07	-3.2	8.67	7.37	15.07	38.39	959.59			1365.42
47	Hotels and Leisure (18)	1450 61	-1.4	6.73	3.61	18.57	29.64				
2U 21	Packaging, Paper & Printing (17)	640.05	-7.8	7.93	5.18	15.70	18.71	694.15		688.28	
然	Stores (34)	966.27	-21	7.34	3.87	18.15	17.95				1015.46
25	Textiles (9)	572 16	+0.2	8.24	5.36	15.28	16.10				
Δſ	MILED CHAILDS (1) 17	כח נחכנו	-1.6	10.42	5.65	12.02			1206.62		
41	OTHER GROUPS (117)	1204.61	-4.1	7.42	4.35	16.52			1233.33		
42	Chemicals (22)	1264 23	-L7	7.78	5.74	15.94			1270.75		
43	Conglomerates (10)	1170.51	-1.6	9.85	9.40	12.99	37.23	1189.95	1149.78	1130.95	1498.15
44	Transport (14)	<u>12262 26</u>	-24	8.89	5.23	13.85	56.22		2248.05		
45	Flactricity (16)	1361 39	-1.2	15.28	5.39	8.43	52.88	1378.03	1415.24	1400.51	1243.69
46	Telephone Networks(4)	1375.36	-1.3	10.99	4.80	11.86	46.15	1393.27	1374.27	1360.09	1563.00
47	Water(11)	2876.83	-0.2	15.57	6.02	7.11	86.85	2883.81	2917.19	2919.16	2532.39
48	Miscellaneous (23)	11961.80	_1.7	6.74	5.17	1858	54.03	1996.10	1942.86	1926.46	1868.06
49	INDUSTRIAL GROUP (483)	1198.09	-1.9	8.72	4.89	14.35	30.59	1221.84	1199.62	1187.04	1299.00
-7	0 & Gas (17)	1840 13	-1.3	7.36	6.97	17.80	69 56	1864.19	1824.94	1793.12	
芸	500 SHAKE INDEX (500)	1250 42	-1.9	8.59	5.10	14.64		1283.54			
27	300 SHAKE IMPEA (300)	479.50		75.0	6.55	47,07	27.63				831.53
61	FINANCIAL GROUP (83)	072.5%	-20		6.04	26.55	39.95	940 10		899.92	
02	FINANCIAL GROUP (83)	1414 01	-35	5.65	6.40	20.23	39.95 45.47		1429.07	1408.77	
강	Insurance (Composite) (7)	461 69	3.7	1 - 1	6.51		16.37			455.01	
<u>50</u>	Insurance (Composite) (7)	594.43	-22	11.95	9.42	10.98	39.26	607.64			1167.85
ĸЯ	Merchant Banks (7)	412.48	-0.8	"	5.24		12.37	415.62	406.61	405.98	
40	Property (30)	1 479.32	-21	11.78	9.28	31,26	22.22	489.49	489.80	490.70	964.43
70	Other Financial (14)	219.77	-0.7	9.09	7.49	14.45	7.29	221.33	216.58	216.87	258.09
77	Investment Trusts (70)	1062.78	-1.0		4.22		25.50	1073.32	1050.55	1042.53	1243 64
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,,,	LITE ALERE WILLIAM SEE . CHIMINE	ladex	Day's	Day's	Day's	Sep	Sep	Sep	5ep	Sep	Year
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	FT-SE 100 SHARE INDEX#	2370.0	-52.1	2416.1	2367.1	2422	2370 9	2340.6	2327.5	2337.7	2594.4

 	FIX	ED 1	NTE	REST	F			AVERAGE GROSS REDEMPTION YIELDS	Tue Sep 15	Mon Sep 14	Year ago (approx.)
	PRICE INDICES	Tue Sep 15	Day's change %		Accrued Interest		2	British Government Low 5 years Coupozs 15 years	10.03 8.71 8.71	8.63 8.63 8.63	8.56 9.35 9.35
·2 3 4	British Government Up to 5 years (22) 5-15 years (25) Over 15 years (8) Irredeemables (6)	136.46 149.58 171.13	-1.01 -1.08 -1.11	173.05	1.80 0.86 2.80	8,79 10.07 9.97 8.83	4 5 6 7 8 9	Medium 5 years. Coupons 15 years. 18%-101, %) 20 years. High 5 years. Coupons 15 years. (11%-) 20 years.	9.69 8.99 8.88 9.96 9.21 9.05 8.95	9.41 8.86 8.76 9.68 9.10 8.94 8.85	9.64 9.51 9.47 9.83 9.59 9.52 9.56
- 6 7	All stocks (61) Index-Linked Up to 5 years (2) Over 5 years (10) All stocks (12)	168,13 144.96	-0.50 -0.84	135.56 168.97 146.18 148.16	0.29 0.61 0.56	9.79 3.25 3.64 3.56	11 12 13 14	Index-Linked inflation rate 5% Up to Syrs. Inflation rate 10% Up to 5 yrs. Inflation rate 10% Up to 5 yrs. Inflation rate 10% Over 5 yrs.	4.87 4.70 4.03 4.50	4.70 4.64 3.87 4.44	3.97 4.22 3.32 4.04
9	Deks & Lagus (62)	120.63	-0.65	121.41	2.11	8.69		Leass 15 years	10.58 10.35 10.21	10.25 10.12	11.29 11.01 10.79

Aftering index 2416.0; 9 am 2412.4; 10 am 2400.1; 11 am 2393.1; Noon 2397.0; 1 pm 2397.2; 2 pm 2397.3; 2.30 pm 2390.8; 3 pm 2391.2; 4.10 pm 2357.8; tal 8.32 am 00 4.09 pm 1 Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1.9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by sobscription from FINSTAT. 3nd Floor, Number One, Southwark Bridge, London SE1.9HL.†HSBC is not subject to advance corporation (ax and

LONDON SHARE SERVICE BRITISH FUNDS BRITISH FUNDS - Cont. Price £ 1634, 94,4 1174, | Motes | Price | L. | Infer | Dec | Infer | Dec | Infer | Dec | Infer | Dec | 9.55 9.17 11,89 9.65 98 2½pc 01 (78.5) 141½ - 1½ 148½ 141½ 4.54 4.52 927 2pc 05 (78.6) 133½ - 1½ 141½ 135½ 4.57 4.98 927 2pc 05 (78.6) 133½ - 1½ 147½ 133½ 4.52 4.86 925 2½pc 05 (78.6) 128½ - 1½ 147½ 133½ 4.58 4.80 925 2½pc 11 (78.6) 128½ - 1½ 128½ 125½ 4.58 4.80 925 2½pc 11 (88.2) 187½ - 1½ 138½ 125½ 4.52 4.80 931 2½pc 18 (88.2) 187½ - 1½ 121½ 105½ 4.51 4.89 938 2½pc 20 (83.0) 180½a - 117½ 187½ 4.47 4.56 945 2½pc 24± (97.7) 181½ - 1 17½ 185½ 4.34 4.51 967 4½pc 20± (135.1) 183½ - 1 187½ 92½ 4.33 4.49 94. Prospective real erdemption rate on projected inflation of 01 949 10°2 and 02 5% 10) Figures in parentheses show RPI base for reflect rebasing of RPI to 100 in January 1967. Conversion factor 3.945 RPI for February 1992 136 3 and for August 1992 8.97 OTHER FIXED INTEREST 8.85 Airican Dev 11 1, 2010. 113 1 -1, 118 1, 102 1, 103 1,

LEGAL NOTICES Registered Nor 1 183046 Registered in England VIGGARS MARKETING SERVICES LIMITED ON RECEIVERSHIP) NOTICE IS HEREBY GIVEN, parament to Section 48(2) of the insolvency Act 1956, that a monthing of the creditors of the above assumed Company will be held at Cork Cally, 6 Creydrian Read, Reading, Berkehre ROI 105 at 10,00 am on Thursday, 28 September 1992 for the purpose of leving leads before it a copy of the report propured by the Administrative Remerbert under Section 48 of the Innetions confined of creditors operations by or under the Act. A propur in sent between the Localization confined to attend or be represented at the mosting. Other creditors are only entitled to attend or be represented at the mosting. Other creditors are only entitled to vote if: (a) they have delivered to me at the address below, no later than 120 beauty of the challenger of the delivery claim and born duly admined under the previous of Rule 3.11 of the lenselvency Rules 1986; and (b) then has been ledged with me any poncy which the creditor intends to be used on his behalf. However, the most poncy which the creditor intends to be used on his behalf. However, the leaves mentioned; photocopies (including less copies) am not acceptable. Signed J M Invelse John Administrative Rescriver Dets 3 September 1992. Address as which permiss about the delivered: J M Invelse, Deviction Reading, Berkeline ROI LIG MOTICE IS MERCETY GRYPE, pursuant to Saction 88 at the imploymery Act 1986, that a Meeting of Creditors of the abover-except Company will be held at the offices of Lecture Dromately & Devils, Solivar Messas, Sr Topense's Road, Charley, PET 199 on Friday 25th September 1992 or 1133 and, the depression precisions of Sections 99. 100 and 101 of mald Act. Mosco is written given they David AT Vived, PAT of Lethan Creasity & Shoret, Arterdight House, Pursurange Gardens, Manachesser, ASI 315, 5th Secondard to act on the quelling hisphorety Practitions*

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COMPANY NOTICES

The FT proposes to publish this survey on November 12 1992. Textules are one of the most heavily traded goods in the world To discover what the FT is planning for this survey and how to reach our international audience of decision makers, financiers and government administrators contact:

Ruth Pincontbe
Tel 061-R34 9381
Faix 061-R32 9488
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Floating Rate Notes due 1995 In accordance with the terms and conditions of the Notes, the interest rate for the period 15th September, 1992 to 15th December, 1992 has been fixed at 10.54063% per annum. The interest payable on 15th December, 1992 against the Coupon 6 will be £264.56 per £10,000 nominal.





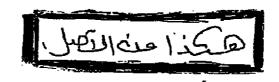
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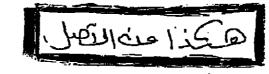
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FOREIGN EXCHANGES

Sterling at record ERM low

BOTH STERLING and the Italian lira came under intense pressure against the D-Mark yesterday as dealers had second thoughts about the weekend realignment, writes James

Monday, foreign On exchange dealers had been impressed by the Bundesbank's cut in interest rates and the suggestion that they may have peaked. But there was a conviction yesterday that the 7 per cent devaluation of the lira had been too small and that a No vote in Sunday's French referendum on Maastricht would trigger another cut.

The lira took a 21/2 per cent fall against the D-Mark, dropping through its central rate and bottoming out at L811. Mr Mark Austin, chief economist at Hongkong and Shanghai Banking in London, said: "Big investment funds were hit by the devaluation and said to their banks: just get me out of Italy at any price.

The lira closed in London at L805.8 per D-Mark, against a previous L793. Its drop was echoed by the Spanish peseta, which fell through the central rate of Pta65 to the D-Mark that the Bank of Spain has been defending aggressively for months. There was similar

2 IN NEW YORK

	1		U098
E Spot I month 3 months 12 months	1.8620-1 1.18-1 3.37-3 12.5-1	17pm) 35em	1940 - 1.9950 1.10 - 1.08em 3.27 - 3.24em 1.1.9 - 11.8em
Forward premiu	ms, and @so	cants apply i	o the US dollar
STE	RLIN	g ind	EX
		Sep.15	Previous
8.30 am 9.00 am 10.00 am 11.00 am Noon 1.00 pm 2.00 pm 3.00 am		916 915 914 913 913 911	91.2 91.3 91.3 91.6 91.6 91.6 91.4

CURRENCY RATES

Sep 1.5	Bank # rate %	Special * Drawing Rights	European f Currency Valt				
Sterling U.S Dollar U.S Dollar U.S Dollar L.S Could be legan Franc Darby Krose D-Mark Dotth Gulder French Franc Lallan Ura Japanee Yes Worver Krose Spanish Peseta Spanish Peseta Spanish Franc Greek Drach Litish Puset Litish Pu	- 89225524-652 - 659 - 859 -	0.761,952 1.47847 1.75997 15.0641 44.1747 8.25555 2.14084 2.42590 7.30174 1694 89 180,986 8.47862 1.99,382 7.85143 1.89605 NJA	0.723941 1.37259 1.57045 1.42146 41.6204 7.78635 2.01977 2.27466 6.85610 169.089 169.954 8.00908 131.372 7.41749 1.78849 251.569 0.759177				
Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland European Commission Cardattons. All SDR rates are for Sep.14							

CHERENCY MOVEMENTS

CONNERC	MUTE	MERIS
Sep 15	Baok of England Index	Morgan ^{es} Guaranty Changes %
Sterling U.S Dollar Canodian Dollar Austrian Schilling Belgian Franc Donlah Krone D-Hrant Swiss Franc Dotth Gollder French Franc Lira Yen Peseta	90.9 60.6 96.5 112.3 113.9 112.7 122.6 117.3 141.8 141.8	-205 -17.9 -4.4 -10.6 +27.7 +17.9 -10.9 -12.9 +78.5 -18.5
Morgan Gears	inty change	es: average

1980-1982 = 100 Bank of England Index Average 1985 = 1009. "Rates are for Sep. 14

OTHE	R CURRE	CIES
Sep 15	· £	S
Argentina Austraha Brazil Brazil Finland Gresce Hong Kong Itan Konsalt Lacerbourg Halaysia Mexico H. Zestand Saudi Ar Sungapore S. Af (Fp) Tavorn U A E U A E U A E	8 7140 - 8 7550 345 750 - 351 300 14.5710 - 14 5885 2820 00° 1481.05 - 1505 00	0.29470 - 0.29520 30.55 - 30.65 2.5116 - 2.5120

Properting rate Iran Official rate £122.55 S61.80

MONEY MARKETS

dominated Monday's trading in

both the sterling cash and

futures markets was reversed

yesterday as sterling slumped

to a new post-ERM entry low of

The pound's fall pushed

DM2.7800 against the D-Mark.

rates in the sterling cash mar-

ket up to levels which could be

incompatible with 10 per cent

base rates for long. There were

rumours last night that clear-

ing banks were in discussion

UK clearing bank base lending rate

10 per cent

trom May 5, 1992

The one-month sterling cash

rate finished at 10% per cent

on the offered side, up from a

previous close of 10% per cent.

Clearing banks are currently

lending money at 10 per cent,

out if the rate at which they

at the 10% per cent level for

Three-month money, an

important indicator of where

the market thinks rates are

moving, ended at 10% per cent

on the offered side, 1/2

percentage point up from the

previous close of 10% per cent

long they will ask the Bank to

signal a rate rise.

on Monday night

with the Bank of England.

Rates rise sharply

THE BULLISHNESS that could probably withstand a

pressure on the Swedish krona, which ended at SKr3.685 to the D-Mark from a previous close of SKr3.662.

Particular uncertainty hovered around sterling, which fell to a new low since Britain joined the ERM in October 1990 of DM2.7800, just 0.2 pfennig above its floor. The pound was initially undermined because the fall of the lira, technically the strongest ERM currency on Monday night, lowered the which the weakest could fall. As so often in recent months, this triggered selling, not by interbank speculators, but from big institutions such as pension funds that are hedging themselves against a possi-ble devaluation.

The impact of this hedging may be less detrimental for sterling in the longer term because there is far less hot money invested in the pound than the

peseta. But the announcement that the UK prime minister was cancelling a planned trip to Spain and newspaper reports that the German government had put pressure on Britain to devalue shook ster-

with one analyst saying his bank had seen around £50m bought. The pound closed 34 ofennigs down at DM2.7800. In marked contrast to the EMS currencies, the dollar fared relatively well against

					_
EMS I	UROPE	AN CURI	RENCY (JNIT RA	TES
	Ecu Central Rates	Currency Associates Against Ecu Sep 15	% Charge from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Belgian Franc Dutch Guilder D-Manh Italian Lira Spanish Peseta Irish Pant Danish Krone Pentuguese Escusio Freuch Franc Sterling	42.0639 2.29789 2.03942 1636 61 132.562 8.761276 7.77921 177.305 6.83992 0.691328	41.6204 2.27466 2.01977 1620.89 131.372 0.759177 7.78535 177 596 6.85610 0.723941	-1.05 -1.01 -0.96 -0.96 -0.90 -0.28 0.08 0.16 0.24 4.72	5.83 5.79 5.74 5.73 5.67 5.01 4.63 4.55 4.47 0.00	33 35 7 L + 22 - 34 9
Ecu central rates set by t	he European Comu	nksion Currencies	are in descending	relative streogiji. A	ercentage changes

Sep 15	Day's spread	Close	Que manch	92	ींबर: कलांड	* 1
lorway rasce Swedes lapan lastria witzerland	57 00 - 57 90 10.6425 - 10.8175 1.0375 - 1.0560 2.7775 - 2.0050 242,90 - 246,25 190,66 - 182,10 229,50 - 2243,00 10.9900 - 11.1625 242,00 - 236,50 19,45 - 19,2650 232,00 - 236,50 19,45 - 19,77 2.4550 - 2.4900 21,3630 - 1.3900 21,3630 - 1.3900	18710 - 1.8720 2 2785 - 2 2795 3 1250 - 3 1350 57.20 - 57.30 10.8825 - 10.405 10.8825 - 10.405 2.7775 - 2 7825 244.00 - 245 00 180.95 - 181, 25 229, 77 - 2240.75 10.9950 - 11.0050 9 4325 - 9.4425 10.2375 - 10.2475 222 00 - 233.00 19.57 - 19.40 2.4550 - 2.4650 1.3840 - 1.3850 12 end of London tradi	1 ½ - 1 ½ ypru 1 ½ - ½ grapm 5- ½ cpu 0.10-0.15cdis	7.687.65594.2558888713448 60-1-7-7-7-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	3 42:3 39pm 3.07:2 9pm 13-25m 13-25m 0 11-0 05pm 14-1-1pm 20-4-25ds 14-1-1pm 21-25ds 34-35ds 5	7.23 5.38 0.75 -0.37 -0.37 -3.54 -2.77 0.75 -0.7

DOLL	AR SPOT	- FORWAI	RD AGAIN	IST	THE DOL	LAR
Sep 15	Day's spread	Close	Gee month	% 0.1	Theree months	% µa.
UKr	30.20 - 30.70 5.6577 - 5.7150 1.4650 - 1.4890 129.00 - 129.80 129.53 - 96.70 1168.00 - 1199.00 5.8125 - 5.8850 4.9700 - 5.0450 5.3850 - 5.4800 123.55 - 124.35 10.3300 - 10.3850 1.2955 - 1.3165	18770 - 18720 18070 - 18100 12160 - 12170 16725 - 16725 30.55 - 30.65 5.7075 - 5.7125 5.855 - 96.65 119.75 - 1197 25 5.8750 - 5.8050 5.9000 - 5.0450 5.4700 - 5.0450 5.4700 - 5.0450 5.4700 - 124.30 10.3425 - 10.3475 1.3440 - 1.3150	84-89cds 15.00-22.00 lireds	7886687468575588751115274 	3.42-3.29pm 3.24-3.25pd; 2.54-2.61db; 46.00-49.00db; 10.00-11.25pd; 2.28-2.30db; 410-450db; 410-451.00db; 15.00-18.00db; 8.66-8.78bb; 11.00-11.25pd; 8.66-8.78bb; 11.00-11.25pd; 8.66-8.78bb; 1.00-12.25pd; 15.40-16.40db; 15.40-16.40d	원리건병리북크 전자자 미광유원 48명 7.7 년 주 수가 수 및 등 및 년 수주 주 수 주 7
Commercial i Forward pres	ates taken towards t eleons and discounts :	he end of London tra apply to the US dolla	diag. † UK, ireland r and not to the in	and ECI Ovidual (U are quoted in US currency.	CLETERCY.

EURO-CURRENCY INTEREST RATES											
Short tërm	7 Days notice	Que Mosti	Three Mortës	Six Moeths	Gne Year						
95-34-4-4 95-4-4-4 95-4-4-4 95-4-4-4 95-4-1 95-4-1 12-7	5745575555545 <u>4</u>	9,45,75,88,45,75,7 3,745,75,88,45,45,75,75,75,75,75,75,75,75,75,75,75,75,75	10	gatestestigation	104 - 105 376 - 349 96 - 889 715 - 9 10 - 95 93 - 35 115 - 115 23 - 125 134 - 134						
rs: 1940 years 4-3 missal. Short te	i i percent, tibr mi rates are cal	et years 4%-4½ Il for US Dollar	per cent; four y s and Japanese -	ears 5 12-5 12 per Yen; others, to	cent; five years no days' notice.						
	Short 16722 95 95 95 95 95 95 95	Short 7 0.395 term notice 9 2 9 2 10 9 2 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	Short 7 0.395 One term notice Month 102 - 102 - 102 - 103 - 34 - 34 - 34 - 34 - 34 - 34 - 34 -	Short 7 Oays One Month	Short 7 O.975 One Three Months						

EXCHANGE CROSS RATES												
Sq.15	£	ş	DM	Yea	F Ft.	\$ Fr.	N FL,	Lita	a	B Fr.	Pla	Ecu
2	1	1.871	2.780	232.5	9.437	2.460	3.130	2240	2.279	57.25	181.1	1.384
	0.534	1	L486	124.3	5.044	1.315	1.673	1197	1 218	30.60	96.79	0.740
764	0.360	0 673	1	83 63	3,395	0.885	I 126	8058	0 820 9.802	20.59	65.14	0.496
	4301	8 047	11.96	1600.	40.59	10.58	1346	9634	9.802	246,2	778.9	5.953
Ffr.	1 040	1983	2946	246.4	20.	2.607	3.3L7	2374	2415	60.67	197.6	L467
S Fr.	0 407	0 761	1136	94.51	3.836	1	1.272	910.6	0.926	23.27	73.62	0.563
NFL	0.319	0.598	0 888	74.28	3.015	0 786	1	7157	0 728	18.29	57.86	0 442
Line	0 446	0 835	1.241	103.8	4213	1.098	1.397	3903	1.017	25.5%	63.65	0.618
	0 439	0 821	1 220	102.0	4.141	1079	1.373	1000 982.9	1	瓷	79.46	0.607
BFr.	1 747	3.268	4 856	406.1	16.48	4 297	5 467	3913	3 981	100	316.3	2.417
	0 552	1.033	1535	120.4	5211	1358	1.729	1237	1.258	14.10	100	0.764
	0 723	1352	2.009	168 0	6.819	1777	2.262	161B	1.647	41.37	130.9	i

3-58 3-09 2-29 1-56 1-24 0-63 0-45 0-32

Close High 96-31 98-03 97-09 98-11

Estimated volume 21504 (24719) Previous day's open lot. 26129 (22281)

High 96 84 96 79 96.49 96.12

(Int. Figs. opt stapum) 2255 (4627) day's open int. 21437 (19742)

90.36 90.40 90.32 90.71 90.70 90.70

Gose Nigh Low Prev. 2363.0 2421.0 2355.0 2428.0 2408.0 2465.0 2403.0 2472.5 2446.5 2511.0

10.1 91 97

3 03

10%

3.15

Contracts traded on APT. Closing prices shows.

Estimates volume 1913 (2453) Previous day's open int. 9365 (9163)

THREE MONTH CLIEB SWISS FRANC SFR Im poles of 109% Close High Lew Oct 92.85 92.91 92.76 Mar 93.10 93.16 93.04 Jun 93.27 93.20 93.20 Spy 93.42 93.50 93.35 Franchis SFI (10021)

US TREASURY 80HDS 8% \$100,000 32mls of 106%

LIFFE LONG GOLT FUTURES OPTIONS \$50,000 640% of 140%

CHICAGO

PARIS

ECU SEND GHATET

3-54 3-15 2-15 2-14 1-52 1-10 0-58

0-51 1-07 1-20 3-18 1-02 3-18 1-02

ling further.
The Bank of England intervened covertly in the market, Dec 0 84 0 60 0 41 0 25 0 16 0 08 0 03 0 14 1 29 1 06 0 83 0 64 0 47 0 32 0 14 002 002 003 009 018 034 051 057 LONDON (LIFFE)

the D-Mark It was hit at the start of US trading by a fall in US August retail sales of 0.5 per cent, the largest in five months. But July's rise was revised upwards by 0.5 per cent, cancelling this out. The dollar was unchanged on the day in London at DM1.4855. In

ere is	in high-y	yielding	New York	it rose to	DM1.4915.	Close High Sep 106-26 106-25 11 Dec 105-17 106-15 11 Estimated volume 289 (586)
MS E	UROPE	AN CURI	RENCY (JNIT RA	TES	Previous day's open lat. 1940 (1876
	Ecu Central Rates	Currency Asymmets Against. Ecu Sep 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator	6% NOTIONAL CERMAN COVT. 80 DM258,080 180ths of 180% Close High Dec 90.19 90.27 May 90.53 90.58
cuda _	42.0639 2.29789 2.03942 1636.61 132.562 8.761276 7.77921 177.305 6.83992 0.691328	41.6204 2.27466 2.01477 1620.89 131.372 0.759177 7.76535 177.596 6.85610 0.723941	-1.05 -1.01 -0.96 -0.96 -0.90 -0.28 0.08 0.24 4.72	5.83 5.79 5.74 5.67 5.61 4.63 4.47 0.00	31 30 30 30 30 30 30 30 30 30 30 30 30 30	Estimated volume 47725 (77759) Previous day's open int. 142041 (14 6% ROTTOMAL LONG TERM JAPAN BOND VIOUN 1000s of 100% Close High Doc 106.01 100 17 1 Mar 105.51 Estimated volume 111 (1048) Traided exclusively on APT
a positive ference bet viation of (change denotes a weep the actual o	i weak corrency (Nariset and Eco cor Inket rate from its	Divergence shows strail rates for a co	the ratio between recory, and the or	ercettage changes two spreads: the aximum permitted	9% NOTIGINAL ECU BONB ECU 209,000 1800s af 180%. Close High

POUND SPOT - FORWARD AGAINST THE POUND										
ep 15	Day's spread	Close	One manth	92	ीपस कारोड	% pa				
7 Cr les n Tal Zaland	1.0375 - 1.0560 2472.90 - 246.25 190.66 - 182.10 22919 50 - 2243.00 10.9900 - 11.1025 9.4125 - 9.5275 10.2275 - 10.2850 232.00 - 236.50 19.45 - 19.77 2.4550 - 2.4900 1.3830 - 1.3900	10.9950 - 11.0050 9 4325 - 9.4425	1 ½ - 1 ½ypra 1 ½ - ½ grapm 5- ½ cps 0.10-0.15cdis	7.60.100057946715448	3.42-3.3% m 3.07-2-9.5 m 11-0.50 0.11-0.55 m 14-0.55 m 24-17-56 14	7.28 5.31 0.05 0.05 0.05 0.05 0.05 0.05 0.05 0.0				

DOLL	AR SPOT	- FORWAR	D AGAIN	ST	THE DOL	LAR
Sep 15	Day's spread	Close	Gee month	% 112	Ticree months	% µa.
JKr	5.8125 - 5.8850 4.9700 - 5.0450 5.3850 - 5.4800 125.55 - 124.35 10.3300 - 10.3850 1.2955 - 1.3165 1.3540 - 1.3735 atter Labor Lowards 1	18710 - 18720 18070 - 18100 12160 - 18100 12755 - 16735 30.55 - 30.66 5.7075 - 5.7125 5.555 - 96.65 129.55 - 129.65 5.575 - 1197.55 5.4750 - 5.6750 5.4700 - 5.4750 5.4700 - 5.4750 124.20 - 124.30 10.3625 - 10.3475 by and a logo to the solution of the solut	84-89cdis (5.00-22.00liredis 8.00-10 00orrelis 3.04-3 09cdis 4.15-4 20gredis 0.11-0.12ydis 5.45-3 80gredis 0.48-0.51cdis 0.90-0.85cpm	-111 -651 -452 7.74	3.42-3.39pm 3.34-3.27pm 0.50-0.55et: 2.50-0.55et: 3.00-11.25et: 2.20-2.30et: 40-450ti: 41-0-51 00ti: 5.00-18-00ti: 4.00-51 00ti: 5.00-18-00ti: 4.00-18-00ti: 4.00-18-00ti: 1.40-18-56ti: 0.25-0.26et: 1.5,40-18-40ti: 1.5,40-1	778347777778884488 7777779997777888
		,,,				

EURO-CURRENCY INTEREST RATES										
Sep 15	Short tërm	7 Days notice	Que Mosth	Three Months	Six Moeths	Gne Year				
Sterling US Obular. Can, Dollar. Duch Gultder Duch Gultder Swiss Franc. D-Mark. French Franc. Italian Lira. Beiglan Franc. Yes. Danish Krone. Acian SSing. Spanish Peseta.	9% - 9% 3% - 3% 4% - 4% 9% - 4% 10 - 9% 9% - 4% 9% - 4% 11 - 10% 124 - 12%	9-3-4-4-7-7-8-5-5-5-4-5-1-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3	102 - 103 34 - 35 45 - 45 94 - 94 94 - 94 10 - 94 18 - 16 95 - 94 45 - 45 134 - 15 134 - 15	102 - 102 34 - 3 45 - 45 95 - 95 95 - 95 18 - 16 95 - 95 32 - 35 11 - 15 12 - 15 13 - 15	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	104 - 104 34 - 34 56 - 88 74 - 9 10 - 93 17 - 15 93 - 35 11 - 15 21 - 25 11 - 13				
Long term Eurodollars: two years 4-3% per cept, three years 43-4½ per cept, four years 5½-5½ per cept, five years 5½-5½ per cept nominal. Short term rates are tall for US Dollars and Japanese Yen; others, two days' notice.										
	EXC	HANGE	CROS	S RATE	S					

			EXC	HAI	NGE	CR	oss	RAT	ES.			
Sq.15	£	\$	DM	Yea	F Ft.	S Fr.	N FL,	Lita	cs	B Fr.	Pla	Ecu
S BM YEN FF: SF: NFL Use CS BF: Pta	1 0.534 0.360 4.301 1.060 0.407 0.319 0.446 0.439 1.747 0.552	1.871 0 673 8 047 1 983 0 761 0 598 0 835 0 821 3.268 1.033	2.780 1.496 1 11.96 2.946 1.130 0.888 1.241 1.220 4.856 1.535	232.5 124.3 83.63 1600. 246.4 94.51 74.28 103.8 102.0 406.1 128.4	9.437 5.044 3.395 40.59 10. 3.836 3.015 4.213 4.141 16.48 5.211	2.460 1.315 0.885 10.58 2.607 1 0.786 1.098 1.079 4.297 1.358	3.130 1.673 1.126 1.346 3.317 1.272 1.373 5.467 1.728	2240 1197 805 8 9634 2374 910.6 715 7 1000 982.9 3913 1237	2.279 1.218 0.820 9.802 2.415 0.926 0.728 1.017 1 3.981 1.258	57.25 30.60 20.59 246.2 20.67 23.27 18.29 25.56 25.12 100 31.61	181.1 96.79 65.14 778.9 191.9 73.62 57.86 60.85 79.46 316.3	1.384 0.740 0.498 5.953 1.467 0.563 0.442 0.618 0.607 2.417 0.764
Yes per 1	0 723	1.352	2.009	168 0	1.000	1777	2.262 r. per 1	1618 00: Pese	1.647 ta per 10	4 <u>1.37</u> 0.	130.9	ι.

81 58 47	200 31.61	79.46 316.3 100	0.607 2.417 0.764	1 4 1 1 1 1	- DULL			
10	4L37	130.9	i	Spot 1.8715		3-mtb. 1.8371	6-mth 1,8039	12-n 1.74
0	ND	DN	INT	ERBA	NK F	IXIN	IG	
	3 month				6 months			_
1	Ġ	H a 34	,	bid :	3,6		Her 34	
			d == 1k= =			4 4 40		

MONEY RATES

in base rates. Because the tension in the markets came in the afternoon, traders were relaxed about removing the £950m shortage

rise in UK base rates this

week, but that all would

depend on the outcome of the

French referendum on Sunday.

However, in the longer term,

he felt that the UK's economic

problems would leave sterling

contract dropped 65 basis

points from its previous close.

bottoming out at 89.09. This

was still above the record low

of 89.00 that it reached on

August 25. but discounted a

full percentage point increase

The December short sterling

forecast in the morning. The Bank of England bought £5m of Band 1 Treasury bills at 9% per cent, £5m of Band 3 bank bills at 9% per cent, £43m of Band 4 bank bills at 914 per cent and £20m in borrow from each other stays a repurchase agreement at 913

per cent. The forecast was revised to £900m and the Bank purchased £9m of Band 1 bank bills, £28m of Band 3 bank bills and £19m of Band 4 bank bills. In the afternoon, the Bank bought £200m of Band 1 bank bills, film of Band 3 Treasury bills, £13m of Band 3 bank bills, £1m of Band 4 Treasury bills, £27m One clearing bank dealer of Band 4 bank bills, and £600m said that the UK government in a repo.

FT L (21.00 a.m. Sep 15) aid 3 The fixing rates are the ark

NEW YORK		Treasury Bills and Bonds								
4pm		Ope moeth Two moeth		2.72 Three 2.91 Fitter	762	4.37				
Prime rate	. 6 5 . 34	Three month Sit month Goe year Two year		2.99 Senen 3.02 10-ye)69" år	5.86 6.38				
Sep.15	Coernight	(he Harth	Two Months	Timer Months	Six Mostile	Logspard Intervention				
Frankhart Paris Lanch Austerdan Tokyo Millan Brussels Ophiles	9.35-9.50 9%-15 6%-7% 9.6-2-9.75 46-45 17-17% 9%-9% 10-10%	9.35-9.50 911-911 714-714 9.75-9.85 41-415 1811-1614 94-941 1012-1014	9.35-9.50 91104	935-950 91-92 71-71 975-985 43-43 162-173 91-95 105-105	9.35-9.50 92-92 101 ₂ -105	9.50 9.60 -				
	OND	ON M	ONEY	RATI	ES					

Sep 15 Interbank Offer
Interbank Bid
Sterling Cbs.
Local Authority Bonds.
Discount Mixt Deps
Company Depasits
Treasury Bills (Bay)
Bank Bills (Bay)
Fine Trace Bills (Bay)
SDR Linked Dep. Offer
SDR Linked Dep. Offer
SDR Linked Dep. Bid
EDL Linked Dep. Bid interbank Offer 94 95 93

3 03 6 1 10 1 10 1 3 04 5 % 10 % Traisury Bills (sell); one-month 9% per cent; three months 9% per cent; six months 9% per cent; Bank Bills (sell); one-month 9% per cent; three months 9% per cent; Treasury Bills; Average tender rates of alsocount 9.6665. ECGO Fixed Rate Sterling Export Finance, Make up day August 28, 1992. Agreed cates for period Sep. 23, 1992 to October 25, 1992. Scheme II.1.38 p.c., Schemes II.6 III.1 for period Regist 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 III.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 II.1 for period August 1, 1992 to August 28, 1997. Scheme IV.6 II.1 for period August

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MONEY MARKET FUNDS

Contts & Co

771 473 Jan

Money Market Trust Funds

LIFFE GUNO PUTURES OPTIONS 091250,000 paints of 180%

Calls -: Occ 1.84 1.43 1.67 0.78 0.37 0.37 0.16

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7 to 16 YEAR 19". HOTTONAL FRENCH BOND GNATTET FUTURES

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u.rd 0.46 Open int, 306,282 67 Estimated volume 71,815 t Total Open Inte t All Yield & Open Interest Figures. Jan. Sec. 1

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BASE LENDING RATES

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Money Market Bank Accounts

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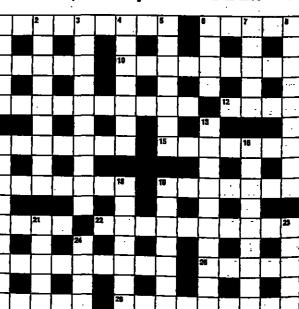
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Heavens above, is the City a 200? Bulls, bears and stags, and now Pelikans too! *S*elikan ()

CROSSWORD

JOTTER PAD

No.7,952 Set by HIGHLANDER



ACROSS 1 I have a way to penetrate security device leading to ani-mals (9)

6 Reward for working in public transport (5) 9 Go too fast turning into main

school (5) 10 Support put on behind the nes (9) 11 Labour covers work on the 14 Dinner conversation includes job (10) 12 Beat wife with it (4)

14 Small pilot – about sixl (7) 15 A hotchpotch of the extreme right in the past (7)

17 Superiors take drinks, teeto-taller admitted (7) 19 Embarrassed by end-product of smoking in a bunk (7)
20 The wrong setting for cold cut

22 Dependent part of a military

force (10)
25 Philosopher has to stand up to protect child left behind (9)
26 Banish dairy produce? I'll say!

West Glamorgan (5) Timid folk gather in animal enclosure (9) 13 She's distantly related to antirevolutionary in foreign coun-

5 Protest against postponed

Poor camp bed (4) Hard on the heels of cattle in

start (4.3)

story about blahop taking sermon (5-4) 16 Events in field disturbed his cattle (8) 18 Little Edward on see-saw (7)

19 Player traces errant son (7) 21 Empty church in a foreign land (5)
23 Some of the irregularities associated with them (5)

24 Problem with peeper during one's last year there (4) Solution to Puzzle No.7,851.

25 Philosopher has to stand up to protect child left behind (9)
26 Banish dairy produce? I'll say! (5)
27 Villain appears in a suit (5)
28 Princess and her family reported uncovering a drug supplier (9)

DOWN
1 Old girl's first animal catcher (5)
2 Look at fielder's position (9)
3 Team hits out at criticisms made in passing (10)
4 It's said round piece describes a curved path (7)

Solution to Puzzle No.7,85k.

CAPUCHTIN PRIMCE

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ALLROUND AGEOLLO
SHOCKABLE ROTOGR

BLOOCKABLE ROTOGR

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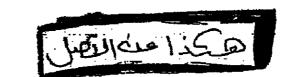
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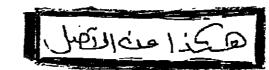
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FINANCIAL TIMES WEDNESDAY SEPTEMBER 16 1992 WORLD STOCK MARKETS September 15 ABSA ABSCA AECI Allied Tech Anglo Am Coal Anglo Am Coal Anglo Am Coal Anglo Am God Earther Rand Boffels CNA Gallo De Beers/Centeary Deckraal God Deleroaten East Rand God Elandsrand God Elandsrand God Elandsrand God Elandsrand God Elandsrand God Elandsrand God God First Nat Bank First Nat Bank First Sax Cass God Gencor God Elinds SA Hartebeesi Highweld Steel SCOR Kinross God Kloori God Liberty Life SA +2 +0.50 day. (The figures in brackets are previous day's). H.K.S + ar -

-0.22

-0.01 -0.01 -0.13

+0.02 -0.01 +6.20

CROSSWORD

Sales Stock High Low Class Chag	Sales Stock High Law Clone Chag	Sales Stock High Low Close Ching	Sales Stock High Low Close Chap
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4 pm close September 15		13.00 \$10000 311 4 114 114 TH	110900 Seagum Co \$351, 35 35 -1, 35700 Sears Can \$71, 47
Quotations in cents unless marked 5	200 Denison A 22 22 22 2500 Denison 3512 512 512 10400 Delison 5113 115 115	7900 Mackenze \$3% 5% 5% 5% 7900 Mach Br \$18% 18% 18%	I R900 SheliCan A Salika 43 43
1000 Abhibi Pr \$151 ₉ 141 ₄ 151 ₂ +1 ₄ 9200 AgokoEa \$57 ₆ 51 ₄ 51 ₄ -1 ₉	RATION Despite Int. SRE RL 64	600400 Magna loss \$32% 31% 31% -%	21400 SHL Syst 510 97 97 - L
94600 Air Cda 395 390 395	85300 Domar inc 574 7 7 -49 1700 Du Pont A 54212 4212 4212 +14	307620 92: 1/5m + 5165 163 164 -44 3402 8274 187 1 5213 215 215 215 -44	330 SNC Gloup \$8% 6% 8% 5700 Schora Glo 14 13 15
21900 Albrid En \$154, 154, 154, 500 Albridge : \$154, 154, 154	1300 DandeeBrcA 320 319 320 45	1800 Mark Res 56 5% 5%	45400 Southam \$1732 1734 1734 4500 Spr Ano 1 \$17 1634 17 434 6300 Smico A 360 345 345 -15
300 Azemišes v \$15½ 15½ 15½ 245800 Alcan Al \$22% 22% 22% — 4	69800 Echo Bay M \$8 712 774 +14	1 5600 Metali Mar 2134 136 134	6300 Stoleo A 360 345 345 -15
290200 Am Berr 16385 371 385 +112	400 Emple \$11 \(\) 11\(\) 11\(\) 4\(\) 10700 Emple \$11\(\) 11\(\) 11\(\) 11\(\) 4\(\) 10700 Emple \$18 17\(\) 18 +\(\) 1	1200 Minnova \$164 1814 1614 -1 ₈ 26300 Mintel Corp 236 232 236 44	35500 Tech 8 521 \$ 21 \$ 21 \$ -16
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198000 Bk Montr1 5471 ₂ 471 ₄ 475 ₅	2200 FPI Ltd 370 340 370 +35	30500 Musicocho SI, 5 5	74200 Torster B s \$244 745 745 +5
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220100 BCE loc = \$45%, 45%, 45% -%	20100 Fu Mera A 510-2 10-2 10-2 3100 Fortis \$24 23-2 23-3 -14	20000 NormaintA SEA GA 61 € -16	183100 Transcan P 55181; 1844 1844 -14 7200 Transc 501; 7-8 01;
16500 Belmoral 91, 681, 91, 1300 BGR A 57 67, 87,	54200 Foer Seaso \$201a 20 20 -14	132000 Waranda Co 131 61 61 - 1 20100 Waranda Stol 191 191 191 - 1	7:00 Transc \$81 ₈ 17 ₈ 81 ₈ 193400 Transc A \$51 ₈ 5 51 ₈
259600 BombitterB \$14 127 137 -4 52800 Bow Valley \$11 101 107 -4	17400 FrancoNev \$3012 2912 30 +-2	600 North 12 5251) 251- 251- 87200 North 113 521 201- 21 +14	200 UAP A \$17% 17% 17% 15% 15% 15% 15%
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72300 Brampien 100 96 95 -4 19000 Brascen A \$13% 19% 19% +%	35800 Garin Gd : u460 440 460 +13 5700 Granges 138 139 139	200 Northgate 70 73 75 193230 North Corp 581, 81, 81, 41,	37203 UtcDomins \$11% 11% 11% 11% 11% 11% 11% 11%
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7300 Cambridge \$171, 171, 171, -1, 25300 Cameco \$151, 151, 151, +1,	2700 Hottinger \$121, 121, 121, 121, 121, 121, 121, 121	114700 Pegasus uS21½ 22½ 21½ 45g 7500 Picheer M: 14 14 13	
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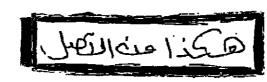
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NASDAQ NATIONAL MARKET

NASDAQ NATIONAL MARKET ***Controlled Supplementary** ***Cont | The content of the +1₈ 181₅ 121₆ Varity 1.3 213₆ 121₉ Varity Cp 151₆ 121₉ Varity Cp 151₆ 121₉ Vestaur 151₆ 121₉ Vistay Int 171₆ 91₂ Vistay Int 171₆ 91₂ Vistay Int 171₆ 91₂ Vistay Int 171₆ 91₂ Vistay Int 171₆ 21₉ Vi 1.30 7.2 1165 184, 177₈ 18 3 845 1217₉ 214, 217₈ 1 18 77 1 67 1151₈ 15 151₈ 5 500 75 2100 671₉ 671₉ 661₉ 18 865 281₈ 26 261₈ 7 14 131₉ 131₈ 131₉ 19 161 271₉ 281₉ 281₉ 1 19 22 17 1334 561₉ 561₉ 24 157 153₈ 51₂ 55₈ 1 198 5 1 34 20 321₈ 321₉ 231₈ 1 198 5 1 34 20 321₈ 321₉ 231₈ 1 120 3.0 24 156 401₈ 401₈ 401₈ | 125 | 103 | UAL Corp | 120 | 24 | 5 | 500 | 75 | 71 | 73 | 75 | 75 | 75 | 74 | 135 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 - X - Y - Z 824 8612 Xerox 1.25 55 5012 Xerox 1.25 4 53 53 53 534 351, 2412 Xra 1.94 1.94 5.9 78 3313 3212 33 457 2312 Xra Corp 0.80 1.8 13 221 u457 445 301, 2514 Yankor Egy 1.96 5.7 13 51 23912 23 112 12 Zapata 23 254 1 11 1 61 Zamith Filec 1114 61 Zamith Filec 1119 61 Zamith No. 0.83 11.4 172 74; 752 6 Zanix No. 0.83 11.4 172 74; 74 74 75 6 Zanix No. 0.83 11.4 172 74; 174 74 175 38 274 Zurn Ind 1. 0.88 29 53 173 31 3015 3016 141 12 Zweig Fund 1.12 85 491 1314 121, 1314 11 912 Zweig Fund 1.12 85 491 1314 121, 1314 11 912 Zweig Fund 1.12 85 491 1314 121, 1314 annual disbursements based on the latest declaration. 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EUROPE

Bourses backtrack after reappraisal

Day's Low 1051.69

at FF1541.

down FFr11.20 at FFr256.80.

and Société Générale by FFr20

FRANKFURT consolidated

after Monday's 4.4 per cent

gain, the DAX index closing 7.49 lower at 1,587.55 although

there were indications of a fall

of more than 1 per cent overall

to DM5.4bn. London prices had

the big three chemicals around

11/2 per cent lower but a more

distinctive approach to the car-

makers, BMW, Daimler and

Volkswagen, down 0.6, 1.4 and 2.1 per cent respectively, VW,

perhaps, reflecting the earn-

ings downgrade imposed on it by Morgan Stanley less than

Turnover Iell from DM7.4bn

in the London post bourse.

SECOND thoughts about the ERM realignment and the Bundesbank's interest rate cuts weakened bourses progressively yesterday, writes Our Markets Staff, with the PT-SE Eurotrack 100 index losing just over one-half of the previous day's gains.

MILAN seemed to get progressively worse. At the official close the Comit index was 5.90, or 1.6 per cent down at 373.14, on a weak lira and worries about Sunday's referendum in

After hours, computer trading was showing a 2.7 per cent loss after a rumour, subsequently denied, that the Italian prime minister, Mr Giuliano Amato, had resigned; but this was mild compared with the 7.5 per cent drop, in lira terms, in the Italian component of the FT-Actuaries World Index at 3.30pm, London time.

The London prices were measured from Monday's 3.30 close, reflecting an extension of early enthusiasm after a rousing start on Wall Street. So the falls were more severe. Among market leaders, Ferruzzi dropped by 9.9 per cent on this basis, Mediobanca by 9.5, Olivetti by 9.1 and Fiat by 8 per

FT-SE Eurotrack 100 - Sep 15 **Hourly changes** Open 10.30am 11 am 12 pm 1 pm 2 pm 3 pm close 1065.46 1063.65 1059.86 1059.07 1068.46 1058.13 1053.83 1051.69

Sep 9 1021.42 Sep 11 1033.57

Day's High 1065.62

The worst fall of the day, again in London, was in Credito Italiano, one of the market's privatisation prospects and down 13 per cent after a 29 per cent gain on the Milan kerb on Monday. Nuovo Pignone, the other privatisation prospect, was fixed locally at L5,000 after a Monday quote of

PARIS took profits as turnover retreated a little to FFr2.4bn. The CAC-40 index closed 37.45, or 2 per cent lower at 1,836.15 after an earlier high

Saint Louis was in focus after Arjo Wiggins of the UK, in which it holds a 39 per cent stake, said it was cutting its dividend. It fell FFr95, or 7.9 per cent to FFr1,109.

two weeks ago.

ZURICH saw the blue-chip Financial sector stocks, SMI index fall 20.3 to 1,851.4 as the city came back from a day's holiday. On Monday the which had been in the vanguard of Monday's rises, shed much of those gains: Suez was-SMI gained 3.3 per cent in

Activity centred on Nestlé, major banks and chemicals. The improving Nestlé topped the active list, its registered shares closing a token SFr2 higher at SFr977. BRUSSELS closed lower

although the metals sector managed gains. The Bel-20 index fell 12.29 or 1.1 per cent to 1,107.96 in turnover of BFribn. In metals, Arbed gained BFr85 to BFr8,245, Ciabecq BFr18 to BFr938 and Bekaert BFr200 to BFr12,125 after announcing an increase in first half profits after the

close on Monday. Union Minière, due to release first half earnings after today's close, slipped BFr85 or 4 per cent to BFr2,005.

AMSTERDAM fell in line with neighbouring markets as the 1993 budget announcement generaly left investors unmoved. The CBS Tendency index shed 0.8 to 112.3.

Hoogovens lost a further Fl 3.10 to Fl 37.60 after announcing job cuts on Monday while Philips bucked the trend with a 30 cents gain to Fi 24.50. STOCKHOLM fell in heavy

trading as investors took profits. The Affarsvärlden index lost 14.8 to 745.1 in turnover of

Increases in money market rates contributed to nervousspeculation about the stability

of the coalition government. Trading in Asea shares accounted for SKr162m of volume and its B shares closed up SKr5 at SKr325. OSLO fell 2.9 per cent after

one-month money market rates were raised from 17 to 20.5 per cent. The all-share index fell 9.57 to 320.98 in turnover of NKr157m. Norsk Hydro fell NKr4.5 to NKr138.5. HELSINKI saw bank shares depressed on news that Unitas faced substantial credit losses from an associated investment company. The HEX index lost 3.22 to 586.15. Unitas free shares fell 50 penni to FM2.9.

VIENNA took a 4.84 point loss on the ATX index to 799.20, off the intraday high of 809.42. The insurer Erste Allgemeine, which forecast a good second half, went against the

trend, rising Sch45 to Sch1,770. ISTANBUL eased by 1.7 per cent as investors took profits. The 75-share index closed down 76.35 at 4.437.89 but off the day's low of 4,421. Turnover rose to TL370.2bn from

rises by 313 to 281 after volume

of 30.5m shares valued at

Gold shares followed

through on Monday's gains in gold futures, in spite of a mild

easing in Comex gold futures

CS1% to CS38%, Pegasus Gold CS% to CS21%, Hemlo Gold

CS% to CS10% and Placer

American Barrick put on

C\$317.7m.

inflating money supply. Hence the decision urged upon the t was just what the Ger-man market needed. After optimism at the start of the year had been replaced by gloom about international economic and currency trends,

this week's interest rate cuts by the Bundesbank and the European exchange rate realignment brought a note of cheer back to dealing rooms.

The mood is not exactly euphoric. The Frankfurt stock market, as measured by the DAX index, put on 4.4 per cent on Monday. Yesterday the index declined by 0.5 per cent to 1,587.55, leaving it well below a high of 1.811.57 seen at the end of May. Mr Heinrich Ackermann, of

Bank in Liechtenstein's Frankfurt office, says: "Things have not changed in the real economy. We are going to get fur-ther poor figures for things like new orders, production and so on." He feels, however that the reduction of the central bank's key rates has removed the risk of a further escalation in rates, giving the market a more solid basis.

Meanwhile, this weekend's French referendum on the Maastricht treaty is still to come. Until this is resolved and fears of further European currency turbulence removed, stock markets, for the time being at least, will still be somewhat hesitant. Also, it could be some time until the Bundesbank feels able to cut rates again; exchange rate tensions forced its hand before it was really happy about trends on the inflation and money

supply fronts. When announcing the interest rate cuts, Mr Helmut Schlesinger, the Bundesbank president, alluded to the weakness in the economy - not a recession, he said - and signs of more moderation in the next wage round by saying that the Bundesbank's moves were in

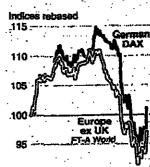
line with these developments. But the central bank would not have acted without being put under extreme pressure by the size of the intervention needed to support the lira last week. This threatened to overturn its monetary stance by

Bonn government for a realignment, accompanied by the ear-

Frankfurt picks over

the weekend package

lier than expected rates cut. The size of the reductions. most eyes being on the significant Lombard rate, caused disappointment in some markets. But as Mr Schlesinger empha-



1992

sised, the Bundesbank is also pushing money market rates down by 1/2 percentage point to 9.3 per cent by conducting this week's securities repurchase

operation at a fixed rate. Even so, it will take far deeper interest rate cuts than these to help propel western European economies out of their present slackness, especially in the hard-hit UK and Nordic regions. "The whole of Europe needs much lower interest rates, not just the little we have seen," says Mr Werner Wanke, a partner at Metzler, the Frankfurt private bank For Europe to be given a real stimulus, he believes two or three percentage points need to come off rates across Europe.

Since Europe's interest rate levels depend basically on the Bundesbank, investors will be waiting to see when it feels like delivering further cuts. They may have to wait some time. Mrs Katrin Kandel at the London office of Sal. Oppenheim, another German private bank, says: "I do not think the basic policy of the Bundesbank has changed at all. I do not think rates are going to come down faster now.

Her strategy continues to

Andrew Fisher sounds a judicious note of cheer centre on companies with strong cash flow, above average carnings growth, and worthwhile assets. There are plenty of those around in Germany, even though the country's export performance has obviously been braked by the slow US recovery and weak. ness in European markets.

Many German companies are now trying hard to cut costs. especially in the motor indus-try where competition is increasing from the Japanese, who have set up plants in the UK and elsewhere. Companies in the vital mechanical engineering sector are suffering from the steep downturn in orders and are keen not only to become more competitive on the cost front but also to produce more abroad.

It is the intensity of the cost pressures which have concen-trated minds in government and industry and led to the latest call by Chancellor Helmut Kobl for a solidarity pact which would include moderate pay deals. Such a pact has yet to be worked out, but a healthy sign is the agreement won by Lufthansa, the hard-pressed German airline, for a pay freeze and other far-reaching concessions from its unions.

ufthansa may be a special case with its heavy losses and severe cost disadvantages against leaner rivals such as British Airways, but other German companies are also uncomfortably aware that they need to slim down. Volkswagen is shedding labour and has also been investing heavily in lower-cost sites in Spain, Mexico, China and Czechoslovakia.

In other important German industrial sectors, the chemical companies have been feeling weakness and are suffering in various degrees from low prices at a time of tougher competition, With many German concerns heavily dependent on foreign sales, it is clear that it will take more than the events of the past few days to engender a lasting return of confidence to German bourses.

Soft economy and falling bonds hit Dow

Wall Street

SHARE prices on Wall Street retreated sharply yesterday as the market's earlier euphoria over Germany's interest rates cut faded and there was further statistical evidence of the extremely sluggish performance of the US economy, urites Alan Friedman in New

Declining prices in the US Treasury bond market also aggravated sentiment in the equity area, as did the conviction that interest rates in the UK and elsewhere could remain high notwithstanding the Bundesbank's unusual action on Monday.

The Dow Jones Industrial Average closed 48.90 down at 3.327.32, while trading volume

on the New York Stock cit for the second quarter -Exchange stood at 202.5m shares. At least part of this decline was interpreted by dealers as a technical reaction

to Monday's 70-point upsurge. The Standard & Poor's 500 receded 5.46 to 419.81 and the Nasdaq composite index was off 6.35 at 587.86. Mr John Parasco, a senior

vice-president of trading at Lehman Brothers in New York, said stock prices had been weakened both by soft economic news and by falling bond prices. Among the macro-economic

statistics released yesterday was a 0.5 per cent decline in August retail sales, worse than expected. Consumer prices last month were up by 0.3 per cent, in line with expectations.

\$17bn - was above expectations of a deficit of about \$13bn or \$14bn for the quarter.

Disappointment at the rather slim cut in German interest rates and a sense that the market had overreacted on Monday were key factors for equity traders. The German rate cut at first came as a relief but by yesterday many in New York had come round to the view that the move did not offer any long-term solutions.

Especially hard hit yesterday were share prices in the computer and airline industries. Computer share prices were sinking yesterday after Amdahl signalled that its products were suffering from weak demand and offered a bleak earnings outlook. IBM weak-The US current account defi-

Airline issues were down after Mr Robert Crandall, chairman of AMR, parent of American Airlines, told analysts that the company's thirdquarter losses would exceed those already suffered in the

General Electric shed \$!: to \$77% with more than 1.3m shares changing hands. Philip Morris was down 8% at \$84% with just under 1m shares being traded.

second quarter. AMR lost \$1%

Canada

SOLID GAINS in gold shares limited the overall decline in Toronto as the market pulled back from Monday's 30-point

The TSE 300 index ended 6.3 off at 3,464.1 and declines led

SOUTH AFRICA

JOHANNESBURG was firmer although blue chips ended the session mixed. The overall index gained 28 to 3,178, off the day's low of 3,146 and the industrial index advanced 28 to 4,132. The gold index recovered from earlier lows to end down 11 at 894.

ASIA PACIFIC

HK gains ahead of talks on new airport

public holiday, the region's markets concentrated on domestic news yesterday, while investors remained cautious about New York's over-

night gain. HONG KONG extended its rally to two days, the Hang Seng index closing a net 46.69 higher at 5,653.84 after profittaking had dragged it down from the day's peak of 5,671.97. Turnover, however, was

down to a modest HK\$1.29bn from Monday's HK\$1.39bn and investors were said to be awaiting the result of today's meeting of the Airport Committee, which comprises Chinese and British diplomats and Hong Kong officials, amid hopes that a deadlock over financing the HK\$175bn new airport project will be broken.
Individual counters attracted

bargain hunting, with Jardine Matheson finishing HK\$1.50 ahead at HK\$52, HSBC Holdings was the most active stock,

AUSTRALIA reversed three days of advances with a 6.2 retreat in the All Ordinaries

to 96m shares worth A\$246.7m Activity focused on BHP and Foster's after the former announced that it had taken a 32 per cent stake in the brewer. BHP receded 26 cents to A\$12.48, while Foster's relinquished 13 cents to A\$1.46 with

some 14.3m shares traded. News Corp rose 40 cents to A\$22.94, recovering half of Monday's drop. In the banking sector, Westpac firmed 2 cents

SINGAPORE failed to sustain an early advance, uncer-tain about whether Wall Street would hold on to Monday's gains. The Straits Times Industrial index closed just 3.02 up at 1,383.42, after reaching 1,390.34. Volume improved to 35.34m shares from 25.33m.

Keppel Corp. the diversified conglomerate with its core businesses in shipbuilding and ship repairing, rose steadily from S\$5.95 to S\$6.40 but retreated to close at S\$6.15 after sellers emerged.

SEOUL cooled its heels after two weeks of wide fluctuations, the composite index losing 6.49

tutional support.

Institutions have been required for the past three weeks to be net buyers of stocks to comply with government market-boosting measures, but profit-taking in big manufacturing shares, which led the recent rally, contributed to the market's fall.

TAIWAN moved lower ini-tially after Monday's 2.7 per cent fall, but then staged a technical rebound to close higher on the day, although brokers said investor confidence remained very weak. The weighted index, down more than 50 points at first, ended 31.68 up on the session at 3,716.72. Turnover stayed thin but increased to T\$18.2bn

from TS17.4bn. Buyers stepped into the mar-ket just before the close, focusing on export-related electronics shares, which could benefit from the recent depreciation of the Taiwan dollar.

NEW ZEALAND finished a moderately dull session little changed, the NZSE-40 index

Brewery shares remained firm but showed little extension of Monday's gains. Lion Nathan rose 4 cents to NZ\$4.50 and Brierley Investments put on a cent to 90 cents. MANILA gained strength as

PLDT rose on a good overnight performance in the US. Its shares advanced 20 pesos to 995 pesos, while the composite index added 10.76 at 1,429.27. Combined turnover fell to 173m pesos from 344m pesos. KUALA LUMPUR closed off

the day's highs on lack of follow-through support. The composite index was finally 2.17 up at 585.91. Rises outpaced falls by 120 to 98 after volume of 53.3m shares, against 48.3m on Monday. BANGKOK paused following

a period of gains ahead of Sunday's general election. The SET index eased 0.21 to 817.74 in a turnover of Bt11.5bn. BOMBAY climbed 3.8 per cent after the Indian govern-ment's opening of stock mar-

kets to foreign institutional

112.16 113.62 120.88 120.10 89.47 92.53 99.64 101.13 31.69 169.17 95.70 97.65 122.24 141.95 99.56 103.07 107.65 122.99 110.25 124.36

investors, the BSE index closgaining 1.17 at 1,480.26, after ing 135.44 higher at 3,410.29. **FT-ACTUARIES WORLD INDICES**

k k	index	%	index	index	index Unix	Index	ou qay	Yield	iudex	index	index	index	Currency Index	1992 High	1992 Low	(approx)
															_	
lıa (68)	132.00	- 0.8	104.57	103.68	101.95	119.98	-0.7	4.13	133.13	104.29	104.52	102.82	120.77	153.68		151.39
1 (19).	158.43	+0.9	125.51	124.43	122.36	121,26	+0.0	241	157.05	123.03	123.30	121.29	121.21	186.70	139.27	183.69
m (42)	141.81	-0.3	112.34	111.37	109.52	107.02	-0,3	5.75	142.28	111.46	111.69	109.88	107.36	152.27	135.87	130.74
a (114)	126.01	-0.7	99.82 162.85	98.96 181.46	97.31 158.76	111.00 159.64	-0.3	3.13 1.78	126.90	99.41	99.62	98.00	111.32	142.12	124.32	136.87
rk (33)	205.57	- 1.1	44.36				- 1.3		207.81	162.80	163.15	160.49	161.81	273.94	205.57	258.65
ł (15)	55.99	+ 0.7		43.98	43.24	53.54	+0.6	2.64	55.59	43.55	43.64	42.93	53.23	89,80	53.09	94.67
(102)	160.35	-21	127.03	125.93	123.83	126.83	- 1.9	3.54	163.75	128.29	128.55	126,46	129.33	168.75	148.06	144.54
ny (64)	116.06	-0.4	91.94 184.42	91.16 182.84	89.63 179.80	89.63	-0.4	2.55 3.66	118.58	91.33	91.53	90.03	90.03	129.69	114.42	112.10
(ong (53)	232.80	+ 1.0	121.11	120.07	118.06	231.05	+1.0	4 53	230.49	180.56	180.95	178.01	228.81	259.55	176.36	163.91
(16)	152.87	+ 1.9	42.88		41.80	119.04	+1.1		149.98	117.49	117.75	115.83	117.76	173.71	149.98	164.73
8}	54.12	-4.0	88.31	42.51		48.38	-2.5	4.31	56.38	44.15	44.24	43.52	49.60	80.86	54.12	73.33
(473)	111.47	+ 0.0		87.55	86.10	87.55	+0.0	0.97	111.52	87.36	87.55	86.14	87.55	140.95	87.27	133.39
na (69)		+0.3	189.13	187.50	184.38	230.93	+0.4	2.77	237.94	186.40	186.79	183.75	230.01	250.47	212.49	201.23
(18)		+3.6	1004.35	995.74	979.14	4289.46	+3.7	1.40	1224.29	959.11	961.18	945,53	4137.55	1789.77	1213.33	1222.76
land (25)	160.25	-0.7	126.95	125.86	123.77	122.37	-0.7	4.83	161.40	128.44	126,72	124.68	123.25	167.29	147.88	142.22
aland (14)	43.04	- 1.3	34.10	33.81	33.24	41 94	-0.1	5.42	43.59	34, 15	34.23	33.67	41.97	48.52	41.90	47.36
y (22) _{: :-}	142.93	- 2.9	113,23	112.26	110.39	114.02	- 2.7	2.12	147.18	115.30	115.55	113.67	117.16	192.95	136.40	201.12
ore (38)	193.06	0.4	152.94	151.63	149.10	141.99	-0.5	2,33	193.93	151.93	152.26	149,77	142.68	229.63	180,71	196.46
Ainca (61)	187.23	+20	148.32	147.04	144.59	156.34	+ 1.4	3.26	183.59	143.83	144.13	141.78	154.18	263.60	175.15	250.14
48}	136.45	- 1.0	108,10	107.17	105.38	99.86	-0.4	5.99	137.78	107.94	108.17	106.41	100.26	161.72	133.79	156.49
n (30)	168.61	- 1.9	133.57	132.43	130.22	136.60	- 1.3	3.01	171.92	134.68	134.97	132.78	138.45	200.28	167.72	198.55
rland (60)	114.07	+20	90.37	89.60	88.11	92,96	+ 1.9	2.31	111.89	87,65	87.85	86.42	91.25	117.73	95.99	95.46
Kingdom (228)	174.73	-3.2	138.42	137.22	134.93	138.42	-21	5.33	180.44	141,36	141.65	139.34	141.36	200.07	165.85	182.04
22)	171.27	- 1.2	135.68	134.52	132.28	171.27	- 1.2	2.98	173.39	135.84	136.14	133.92	173.39	173.39	160.92	156.42

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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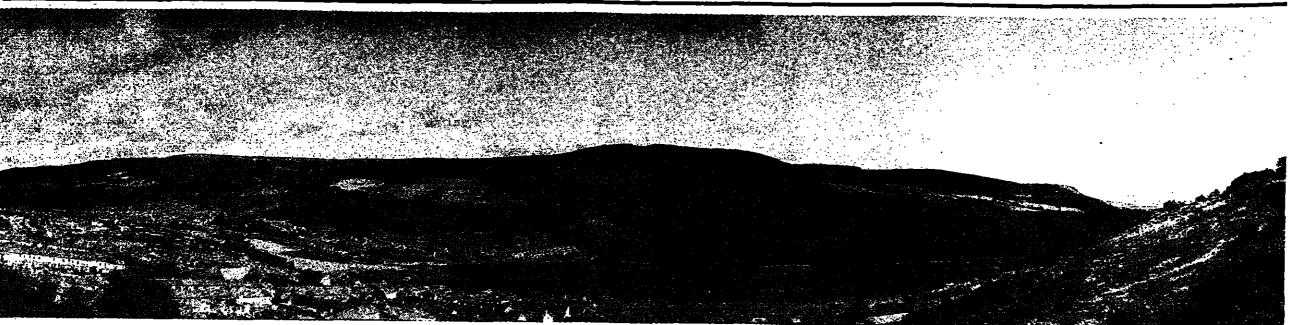
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■ Financial services: Cardiff has a lot to offer - see page 2

SECTION III

Wednesday September 16 1992



Well-placed for an eventual recovery

As the Welsh economy has diversified in recent years, observers believe that the principality will be the first part of the UK to take advantage of an economic upturn, reports Anthony Moreton

UNCTION 24 on the M4 motorway into south Wales, a few miles to the east of Newport, presents a microcosm of what is happening to the economy of the prin-

To the north, the Welsh Development Agency and Wilson Bowden are working on the Langstone business park, the first stage of a joint ven-ture between the public and private sectors that is eventually expected to create several hundred jobs. Across the road, the shell of the building which the electronics company, inmos, once occupied now stands empty. Wales is no more immune to recession as unemployment rises, liquida-tions and closures increase, and business confidence wanes, than the rest of Britain.

It differs from many other parts in that there is good news as well as bad. Mr David Hunt, the eternally optimistic secretary of state for Wales, tours the country announcing new investments, jobs created. Thus, the marine insurance concern, Hayter Brockbank, will create 230 jobs in Cardiff; lenrob, which makes rivets in Fint, is to undertake a £1.8m expansion to create 34 jobs; Pullmaflex, which makes car seats, is to expand in Ammanford at a cost of £2.8m, creating

This welcome news has been offset, however, by other less favourable announcements. British Coal is closing two of the last three pits in the Welsh valleys, with the loss of 700 jobs, BP has put a question mark over one of its chemical olants at Bagian Bay, Port Talbot, where 1,900 are employed, and companies such as Panasonic, AB Electronics and Hoover have introduced lay-offs or

short-time working. Success and failure go hand in hand in Wales in 1992. The long road from an economy based on heavy, smoke-stack industries to a diversified, modern industrial base has been largely completed. Wales is now a country in which financial services, motor parts, processed foods, electronics and information technology are established sectors. The country has the highest percentage of small businesses and start-ups, relative to population, of any part of the UK. Management buy-outs are continuing at a healthy pace, says 3i, the investment capital

group.

It is this change in the economy that has led commentators to suggest that the princi-pality will be the first part of the UK to take advantage of the upturn in the economy

"People have kept their nerve here," says Dr Gwyn Jones, chairman of the Welsh Development Agency, set up in 1976 to rejuvenate the conomy. In the recession of the early 1980s, confidence went as unemployment and closures rose. This time, although the recession has checked our economic momentum, people are confident of what they can do when times get better.

Mr Brian Morgan, the agen

cy's chief economist, points out that manufacturing output has fallen by just 2 per cent between the fourth quarter of 1988 and the second quarter of this year, compared with 20 per ent between the second quarter of 1979 and the last three months of 1982. This time, 2 per cent, against 130 per cent a decade ago. And in some areas, such as business serthat in the rest of the UK between 1985 and 1992 by 15

Mr Keith James, chairman o solicitors, Eversheds Phillips & Buck in Cardiff, says there has been considerable resilience during the recession. "Manufacturing has continued to expand," he says, and the corporate and services infrastructure has remained strong."

percentage points.

Mr David Kern, chief econo-mist of National Westminster bank, believes Wales will lead a weak UK recovery. "The Weish economy will register a small rise in economic growth of 0.1 per cent this year," he says, "in contrast to fairly large outright declines in London and the rest of southern

"Next year, Wales's output growth, forecast at 1.7 per cent; will continue to outperform the national average. The resilience of the Welsh economy in the face of the longest, and one of the most severe British recessions, is remarkable," he

uch of that resilience has come from the The capital inflow last year topped £1bn, according to Dr Jones, twice the level achieved a decade ago. A Canadian company, Fisher Gauge, has chosen mid Wales, and a Singa-pore concern, Mayor-Sakata, is already in production in Mer-thyr Tydfil. The Gooding group has announced a further joint venture with Japan's Sanken Ford is to put another £100m into its Bridgend engine plant. Tesco is to build its largest UK

Yet, for all the confidence being expressed in Wales's prolonged much further, will undoubtedly be very damaging. A survey just published by accountants, Coopers & Lybrand shows that two-thirds fered significant reductions in turnover, three-quarters have seen their margins come under severe pressure, and half have had to lay off workers. Contrary to the more optimistic assessment being made elsewhere, Coopers' partner in charge in Cardiff, Mr Hywel Jones, is one of those who believe there has been a signif icant reduction in confidence

An earlier Western Mail/ Touche Ross survey similarly concluded that business confidence had been severely dented this year. Mr Robert Ellis, senior Cardiff partner with the accountants, has gone

Continued on page 3

in the future.

IN THIS SURVEY

- \square Financial services expand; the employment picture; new training initiative Inward investment: 1,000 projects won in a decade
- ☐ Key facts and economic indicators
- Tourism industry; growing interest in the national heritage The Swansea barrage; the changing shape of local government
- ☐ Farmers' fears; food processing: a case study; commercial property scene

Pictured here: the Cynon Valley, north of Cardiff, has been transformed over recent years by an extensive programme of land reclamation which has cleared away industrial eyesores from the age of coal. New roads and the re-opening of old rail links have improved communications, helping the area's towns attract a range of new industries,

including a number of electronics companies. New housing developments have also helped the valley's towns to attract commuters working in service and other industries in Cardiff, Bridgend and other growing centres along the south Wales coast, enabling a modest reversal of the previous pattern of outward emigration to begin.

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T THE start of July, Hayter Brockbank, a specialist in marine insurance, chose Cardiff for the headquarters of an operation to expand its marine- and carinsurance business through direct sales, a rapidly expanding sector of the insurance

The decision, which will mean the creation of about 250 jobs in the Welsh capital, has been described by Mr Robert Ashmead, director of the financial services initiative run by the Welsh Development Agency, as the most significant move in financial services in Wales in the past three and a half years.

The move, he added, "confirms our view that Cardiff, in particular, and south east Wales, in general, has the strength to become a very important player in the finan-

"Cardiff has a magnificent location in its docklands, now being developed in a coherent way, and the decision by NCM Insurance Services to move into a very large building in Cardiff Bay, as well as Prudential's decision to site a regional headquarters in the city, has started to create critical mass." The financial services initia-

tive was set up four years ago by Lord Walker when, as Mr FINANCIAL SERVICES

Cardiff has much to offer

Peter Walker, he was secretary of state for Wales. He was anxious to develop the attractions of south-east Wales as a site for the then rapidly-growing finan-

He saw financial services as an essential element in the new Wales which had emerged from the shadow of steel and coal.

South Wales, and particularly the Newport area, had already had a degree of success in attracting newcomers even before the Walker initiative. TSB had located its trust arm in the town, next to the Patent Office. AA Insurance was in Cardiff, and all the major accountants were also in the Welsh capital.

Lord Walker devolved the task of running the financial services initiative, which was a joint operation among local authorities in the area and the agency, on to the WDA, but he also played a very close part himself in getting the scheme off the ground.

An important success for the initiative has been the decision

by N M Rothschild to open a full branch in Cardiff, apart from Manchester, where the first Rothschild began in business, the only city in which the merchant bank has operations outside the City of London.

It was Walker's contacts with the bank, and in particular with Sir Michael Richardson, the former managing director, whom he talked into seeing the commercial advantages of operating in Cardiff, which brought Rothschilds to

OUTH WALES has always had a small financial sector by comparison with regional centres such as Birmingham, Manchester, Leeds and even nearby Bristol, not to mention Edinburgh. Standard Chartered, which through its Chartered Trust subsidiary acquired the former Julian Hodge loan finance operations, was an early arrival, with the establishment in the late 1960s of the Bank of Wales, now fully owned by the Bank of Scot-

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land, another milestone.

AA Insurance opened in 1977, followed by Chemical Bank which arrived in 1983. It has since passed on its mortgage business in Cardiff to Banque Nationale de Paris, while retaining its other Cardiff operations.

The Julian Hodge name, synonymous for many years with financial services in Cardiff. survives in the Julian Hodge Bank, which provides a range of personal and merchant banking services.

A further wave of new arriv-

als built quickly in the late 1980s. National Provident Institution transferred its group pensions business from Tun-bridge Wells in 1988; Sedgwick James came in 1990; stockbrokers Bell Lawrie White, part of Hill Samuel, were a 1989 arrival while more recently the German-owned insurance company DAS, pensions consultants Noble Lowndes and French owned Axa have all arrived. The result, according to Mr Brian Morgan, chief economist at the WDA, is that there has been a very encouraging rise in the numbers

employed in this sector. "This is important because

improved links between the industrial and financial sectors are likely to be vital in the early stages of the economy's

Mr David Lewis, deputy managing director of Willis Corroon (Wales) concurs: "Our expansion in the past five years has been dramatic," he says, "and it is symptomatic of

ing their heads down over the past year but there is plenty of expansion waiting for the moment to go."

Willis Corroon is part of that expansion. Five years ago it had 19 staff. Now it numbers more than 70, and, in addition to Cardiff, it now has offices in Swansea and Haverfordwest. As the UK economy has tum-

bled even further into recession, though, there is evidence that it is becoming increasingly more difficult to attract companies into Wales. Dr Gwyn Jones, chairman of

the WDA, says: "There is still a lot of interest in south Wales as a home for financial-services companies, but it is certainly hard to bring in more. His solution is to broaden the scope of the financial ser-

what is happening here. "Companies have been keep-

> vices initiative to focus on those areas in particular where Wales has a definite competitive advantage over other parts of Britain.

Mr Ashmead spells it out: "Instead of going out and saying what a wonderful place Wales is, as we did originally. we have now taken the institutions, divided them into their sectors and are looking at the problems and issues, facing them individually.

"We can then go to a sector and offer a solution for their problem. Financial-services

A broader-based financial sector will be an important ingredient in providing the liquidity needed for continued growth in Weish industrial output, says Brian Morgan, chie economist at the WDA. Pictured above is the heaquarters of the

> businesses operate on the bottom line. The quality-of-life approach may be important, and it has a role to play, but what is important to any company thinking of relocating to Wales is what will happen to

the figures." He believes that Wales's advantages, which include a large untapped pool of labour especially among married women in the 25-40 age bracket returning to work, good educational standards, a willingness to adapt to new techniques and property at reasonable prices

are the factors that now determine decision making. "This is the bottom line." he says, "and this is what will

sway a company towards making a move to Wales." He argues that Wales's strengths will be helped by the willingness companies now have to accept that the front and back offices do not have to

be in the same building. . "For years, firms were reluctant to think the two could be divorced." he says. "Now they not only accept the divorce but are actively looking to ways to

implement it. We have shown in Wales that we can be the perfect base for back-office operations. We have also shown that in the retail sector of financial ser-

vices this is a very good centre, Mr Nicholas Markovits, manager of Venture Link investors, a privately-owned venture capital group which has set up a fund to provide equity capital for unounted companies and product development finance. s the future as bright.

"The demand for venture canital is not much down on last year, considering the state of the economy," he says, "and we are in place to do good business once there is a pickup." That is the general consensus. Wales is well placed, it is generally agreed, to develop its

nascent financial services **Anthony Moreton**

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TRAINING INITIATIVES

Rich diversity of schemes

Diane Hugnes wanted return to work. With her was children growing up there was less need for her to be present 24 hours a day. The problem was that in Menai Bridge, her home, there was no nursery. and no nursery meant no

return to work. Mrs Hughes was not one to sit back and accept the inevitable, though. She set up her own nursery and within 18 months it was full. Fired by enthusiasm, and by her success, Mrs Hughes decided to expand and open another on Parc Menai, a business park on the edge of Bangor. Just the place, she reckoned, as the women working in the offices there would need and welcome the facilities she will provide.

Mrs Hughes's initiative which has led to the creation of seven jobs, won her an land Bank and Targed, the training and enterprise council covering north west Wales.

"It just shows what can be done with a little initiative." says Ms Enid Rowlands, chief executive of Targed. "A lot of women are setting up in business in this part of Wales, especially farmers' wives, where there is now a very great need to bring in extra income as farming is going through a difficult time. We can help them in all sorts of ways to become independent and viable."

Jobs for working women are not the only requirement in north Wales – "education has always had a high priority in family life in this part of the country," Ms Rowlands says. so academic attainments are high. But there is still a need to improve skill levels."

Training rather than enterprise tends to be a more important role for the seven Tecs in Wales, because of the support given towards stimulating enterprise by the Welsh Development Agency. In this respect, the situation in Wales is closer to that in Scotland than England. The Tecs tend to place rather more emphasis on small firms and start-ups, which is where a lot of the job-creation is to be found; consequently, two-thirds of Ms Rowlands' £15m budget goes towards training, split 60:40 between youth and adult work. Large businesses are not ignored, though. In Cardiff, Mr Sheldon, chief executive of the

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UST OVER two years ago South Glamorgan Tec, is keen to provide help for companies such as British Airways and Bosch, two recent incomers, especially if they take people off the unemployed register. With BA, for instance, it has helped fund a scheme out of its £13m budget in which it meets the cost of the third year of a college course in order to improve good long-term training. For Ms Rowlands at Targed, size has a different connotation. There are probably only 20 large companies in Gwynedd, so much of her thrust is directed towards comnanies with fewer than 20 emplove

South Glamorgan's unique approach is to have introduced the first business credit in Britain, It offers £5,000 to companies wanting buy a range of services, such as consultancy or helping with the cost of senior managers skill seminars. The Tec will meet two-thirds of the cost of these services.

There has been a reasonable take-up, Mr Sheldon says ~ "the problem is that in the present recession too few companies can afford to lay out the other third but, as the economy picks up, I expect greater use to be made of this facility."

OST of the demand for services within the Targed area comes from within its boundaries. Further east in Clwyd, the situation is slightly different. The county's workforce also looks to Eugland, and especially the Chester conurbation for employment, so that the Tec has rather different priorities. In Clwyd, the Tec is known

as Training and Enterprise and its area is a net exporter of About one in every five

works outside the area whereas only one in every 10 jobs is accounted for by someone travelling in to the area. The sort of work Targed undertakes is illustrated by a recent case involving a bakery

in Bala. Berwyn Bakery had a fine reputation in Gwynedd and beyond. Its biscuits were - and still are - much sought after. Its reputation grew as the company took display stands at several exhibitions as its reputation grew, so did demand

The rise in orders, however, threatened to overwhelm the

The West Wales TEC is continuing to provide real help to businesses keen to improve their

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The employment picture

Twelve main employment sectors in Wales are listed here, plus percentage figures compared with those in Britain:

☐ Agriculture, forestry and fishing: 19,000, (1.9 per cent; UK, 2.2 per cent).
☐ Energy, water supply: 28,000, (2.8 per cent; UK, 2 per cent).
☐ Metal manufacture, chemicals: 44,000, (4.4 per cent; UK, 2.8 per cent).
☐ Metal goods, engineering, vehicles: 114,000, (11.3 per cent; UK, 3 per cent).
☐ Other manufacturing sectors: 91,000, (9.9 per cent; UK, 9.3 per cent).
☐ Construction: 43,000 (4.3 per cent; UK, 4.5 per cent).
☐ Wholessie distribution; catering: 94,000, (9.3 per cent; UK, 10.4 per cent).
☐ Retail distribution: 94,000, (9.3 per cent; UK, 9.9 per cent).

☐ Retail distribution: 94,000, (9.3 per cent; UK, 9.9 per cent).

☐ Transport, communications: 49,000, (4.9 per cent; UK, 5.9 per cent). ☐ Banking, insurance, finance: 70,000, (6.9 per cent; UK, 12.4 per cent).
☐ Public administration, defence: 116,000, (11.5 per cent; UK, 9 per cent). ☐ Education, health, other services: 248,000, (24.6 per cent; UK, 22.3 per cent).

Figures as at June, 1990; source: Weish Development Agents bakery - total employment costs. The result was that Berfive - and the company put out an SOS call to Targed. The agency sent in a consultant,

wyn could cope with the increased orders, turnover and profits rose, and the company now employs 20.

That figure may seem miniscule by comparison with the at British Airways's new maintenance plant outside Cardiff. But in the context of Bala it was significant.

Anthony Moreton



drew up a development plan

which pointed a sensible way

forward, and met part of the

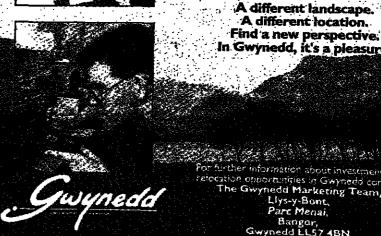
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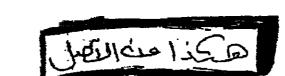
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42.5%

13.5%

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87.3%

72%

63,100

242,520

57,411

0.2%

18.3%

27.9%

8,201

23.0% 27.1%

43.6%

11.2%

£318.90°

22.0

15.2

65.4%

74.8%

67%

76,700

KEY FACTS AND INDICATORS

WALES 3

OME of the statistics that have been coming out of Wales of recent years will surprise those more used to expecting a tale of eco-

■ Since the mid-1980s, the economy has, according to the Welsh Development Agency, been growing faster than that of the UK as a whole and is expected to continue to do so.

During this summer, Welsh

memployment actually fell below the UK average for the first time since the

■ In the past ten years nearly 1,000 inward investment projects have been attracted, creating or safeguarding around 100,000 jobs and bringing capital investment totalling £4.7bn.

■ Last year was a record year for inward investment, with 208 projects creating or securing 17,000 jobs and capital expenditure of just over £1bn. Wales, with just five per cent of the UK's population has been getting more than one fifth of the jobs and projects coming coming from abroad.

It now has nearly 30 per cent of all people employed in Japanese manufacturing in the UK, with no fewer than 44 Japanese companies.

Even allowing that future figures may look less positive when the impact of the continuing recession is fully reflected, Wales has had an outstanding few years in the marketplace for internationally mobile investment, with some very big corporations

■ Bosch, the German group, has spent £100m. on a 500,000 sq. ft. factory, its biggest outside Germany, at Miskin near Cardiff, to produce a new generation of compact alternators.

■ Toyota is to produce 200,000 800cc engines a year from a £140m new plant on Deeside for the cars it is to make at Burnaston in Derbyshire.

■ Ford is putting £450m into its existing south Wales plants and will be producing 530,000 a year of its new Zeta engines at Bridgend. Altogether more than £1.3bn has been spent by automotive component makers in Wales since 1983.

■ Dow Corning at Barry, and Sony at Bridgend are both spending around £150m to upgrade existing facilities, and other companies have moved in to acquire large-scale assets which other companies have decided to

Against this background, it is perhaps understandable that the formula whereby Wales - along with Scotland and Northern Ireland - receives a proportionately higher share of UK iblic expenditure per head than England is apparently to be looked at again in this autumn's Treasury spending review.

Within Wales, however, opponents of such a move are likely to point out that the task of restructuring the Weish economy remains only partially complete. While the big new projects have brought in hundreds of jobs, the losses elsewhere have continINWARD INVESTMENT: A RECORD YEAR IN 1991

A thousand projects won in the last decade

ued and, indeed, risen again in recent months. Apart from those that will go when British Coal closes a further two collieries in south Wales shortly, some 400 jobs have gone in the last few years at television contractors in the previously fast-expanding Welsh media sector.

Other jobs have gone, or are going, not just in Barry Docks with the move by Geest from its long-established Welsh base to Southampton, but also in the health service at Cardiff Royal Infirmary, at British Aerospace in Hawarden and at Hotpoint in Llan-

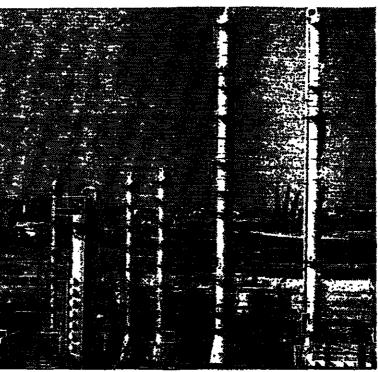
A threat hangs over part of the BP Bagian Bay complex and there have been cutbacks even in expanding areas, such as electronics, where one of the leading Welsh-owned companies, AB Electronics, has been forced to trim back operations.

Employment opportunities vary markedly, too, in different parts of Wales, with the south Wales coastal belt, particularly the Newport-Cardiff-Bridgend nexus, and the north east corner of Wales, around Wrexham, benefitting from good communications and the services and labour available in nearby big population

In the south Wales valleys and rural Wales new investment has proved much harder to obtain, and some pockets of high unemployment and acute deprivation remain.

HE challenges are going to become even greater, too, over the rest of this decade, and not iust in areas outside the favoured M4 corridor. One of Wales's attractions has undoubtedly been the availability of relatively low cost male and female labour, but, as John Hockey of surveyors. Henry Butcher, in Cardiff points out, former Eastern block countries, such as Poland, are now stepping up their efforts to attract mobile manufacturing projects, adding to the competition Wales already faces from other parts of Britain and of Western Europe, such as Spain, Portugal, and the south of

And although one of the reasons for Wales's success in attracting new companies from around the world has been low overheads, much is also going to depend on where sterling settles in relation to other European currencies and the dollar. Yet, although conditions are going



Dow Corning is investing £150m to expand its silicone manufacturing capacity at Barry in south Wales

to remain difficult there are good rea-sons for the WDA, and its sister body in rural areas, Mid-Wales Development, to feel optimistic that the groundwork they have laid will ensure continuing competitiveness in the battle for investment.

The objective over recent years has, of necessity, been to bring in largescale manufacturing projects capable of providing the jobs - and in par-ticular the male jobs - needed to replace those being lost. The approach has, however, been much more than simply grant-based.

The WDA since its creation has been behind a big programme of removing industrial dereliction in Wales to create a greatly improved environment for incoming industry, and has recently turned its attention to assisting in the improvement of the townscape in a number of Welsh towns. There has also been a big improvement in Welsh road communications. The rebuilt A55 along the north Wales coast gives the rural north a fast link with the English motorway system, and by 1996 south Wales will be linked to England by a second Severn crossing. The possible benefits this will bring have already been foreshadowed by the recent announcement from Tesco that it would be building a very large distri-bution depot near the Weish landfall.

The strategy for attracting investment has been a selective one, too, with the intention of building on core competencies already in Wales. In this way it is hoped, as Mr Ian Rooks, WDA executive director, marketing, points out, that a nucleus can be created around which other similar businesses will cluster.

This approach has clearly worked not just in automotive components electronics, but in aerospace itself, where a number of important developments have taken place. General Electric of the US has acquired British Airways engine overhaul facilities at Nantgarw, near Pontypridd, while British Airways itself has chosen Cardiff Airport as the location for a £100m aircraft maintenance facility

to handle its Boeing 747 fleet. It is also building a £23m. new avionics servic ing centre at nearby Llantrisant. As a result. Wales now has more than 5 per cent of UK employment in this sector, having previously been under-repre-

The approach adopted by Weish Development International, the according to Mr Rooks, not simply to trawl for whatever is available but to research developments taking place, even in industrial sectors which might be passing through a tempo rary downturn. A package is then put to leading manufacturers showing Wales for expanding in growing prod-

ONSIDERABLE effort has also been put into analysis industries which might be suitable for different parts of Wates. The decision by US company, Euro DPC, to move from Oxfordshire to Gwynedd will be used as a lever to encourage other similar high value, low bulk medical equipment producers to move into the clean environ-ment of north Wales. West Wales, it is hoped, can develop further its involvement in the food industry.

South east Wales has already attracted a number of financial services companies' operations, and Cardiff has seen strong growth in legal and accountancy services. As yet the city has attracted relatively little foreign banking interest but this may come with the expansion of overseas manufacturing within Wales.

Another area that has yet to develop to the extent that the WDA would like is research and development, though there are signs that some of the more long-standing inward investors are beginning to locate parts of their research activi-ties to Wales. Sony will be including research facilities in its new investment project in Bridgend. To help improve the Welsh research profile the WDA has persuaded Imperial College, London, to join it and Newport borough council in creating a science park outside Newport which will bring the research resources of the college within easy reach of Welsh

It is undoubtedly a reflection of British industry's own problems that few of the very big moves into Wales of recent years have been by UKowned concerns. The companies that have come from overseas have come, however, with the intention of serving not just the British market but the single European market as well.

in the process Wales has managed to secure for itself not just a more diversified industrial base but one which, perhaps just as significantly, has a wide spread of markets, too.

Rhys David

More business parks in mid Wales

All figures 1990, unless stated otherwise; * Indicates Great Britain. Sources: CSO Regional Trends 27, Employment Gazette.

Europe's 'finest facilities' claim

AT THE START of last May, the Development Board for Rural Wales unveiled its latest business park at Penrhyndeudraeth, little more than a stone's throw from the burial site of David Lloyd George one-time prime minister and one of Wales's greatest sons,

Area (sq km)...

Population growth

Below 16 years.

of the popul

(as % of total)

Self-employed

GDP per head (E)

Above pension age

Live births per 1,000

(% per year, 1981-90)

Population density (per sq km)..

Live births outside marriage...

Deaths per 1,000 population

Ethnic minority population

(% of workforce, 1991).

Distribution, transport..

(tuli-time men, 1991).

16-year-olds staying in

(% of housing stock)

Four-year-olds in schools.

Unemployment, (July 1992)...

Pupil/teacher ratio — primary.

Average new dwelling price (£)

Glyn Davies, the ebullient chairman of the board, said at the launch that the park was part of the strategy of marketing the whole of rural mid

park.
"We have the finest facilities in Britain," he said, "the best quality of life and the right atmosphere in which businesses can operate profitably." Several business parks have already been created in this vast area, which stretches from the northernmost tip of indus-trial south Wales to the edges of Snowdonia in the north. from Cardigan bay to the English border in the east. Some of these parks, such as that at Newtown; have beenhighly successful in helping create employment and eco-nomic activity in their locality. The problem which the

board initially faced was reju-venating small towns, such as Llanidioes, Aberystwyth, Bala and Brecon, where there were insufficient jobs to hold, let

alone attract, young people.
It has also increasingly had to take into account the rundown in farming, with its consequent depressant effect on

Having managed to arrest the decline in numbers aided, it has to be admitted, by considerable number of incomers - and stimulated new businesses, Glyn Davies's team at Newtown developed a new strategy for the 1990s in which the emphasis was placed

on focused investment. "We're focusing our activities on six growth areas -Aberystwyth, the Ffestiniog valley, Brecon, central Powys, Newtown and Welshpool and 12 special towns, ranging from Cardigan in the west to Presteigne on the English bor-

"This way we should ensure that the maximum number of people will benefit from the new jobs and community facilities we are either providing or helping to provide

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Economic recovery

continued from page 1: so far as to describe the collapse of confidence as "startling and dramatic, indicating

the foreseeable future." Another Cardiff-based accountant, Mr Hugh Thomas, senior partner of Price Water house, claims that while Wales has fared better than areas such as the south-east of England, the effect of a postelection buzz has been was

short-lived. "Wales still has a long way to go towards achieving prosperity," he states. The position is unlikely to get better for 18 months, suggests Mr Paul Shel-don, chief executive of the South Glamorgan TEC.

The benefits being achieved by schemes such as the Valleys Initiative of former secretary of state, Peter Walker, have also been called into question. A recent report by two Cardiff academics argues that the initiative was largely a marketing exercise, packaging together policies and projects already in existence, without the substantial extra funds needed to

make it work.

Unemployment in a number of towns such as Holyhead. Merthyr Tydfil, Aberdare, Haverfordwest, Bangor and Llanelli hovers around the 20 per cent mark, while low pay continues to be a depressant, a consequence in part of the large numbers employed in the public sector. Nor are the problems confined to the older industrial areas. Agriculture remains depressed with farm incomes last year, while marginally higher than in 1990, still 25 per cent down on 1989 levels. Meanwhile, tourism in south Wales has been helped

by the highly successful gar-den festival in Ebbw Vale. The Institute of Welsh Affairs, an independent thinktank, has set up a steering group, Wales 2010, to try to chart an economic development plan which will equip Wales for self-sustaining growth in the 21st century. Its chairman, Mr Gareth Jones,

• mergers & acquisitions

◆ management buyouts

disposals

Travel times by road between UK centres

eading UK centres and Welsh business and industrial areas are shorter than often

From South Wales London: 2 hrs 30 mins.

Heathrow airport: 1 hr. 50 mins. 🗆 Birmingham: 2 hrs. ■ Manchester: 3 hrs.

From North Wales (Wrexham) to:

☐ London, 4 hrs. Birmingham, 2 hrs. Manchester, 40 mins. ☐ Cardiff, 3 hrs. 20 mins.

says the group is "seeking to develop a successful strategic intent and direction for Wales. which will not only produce a significantly higher GDP but also improve the quality of life." It is a direction everyone in Wales wants to travel.



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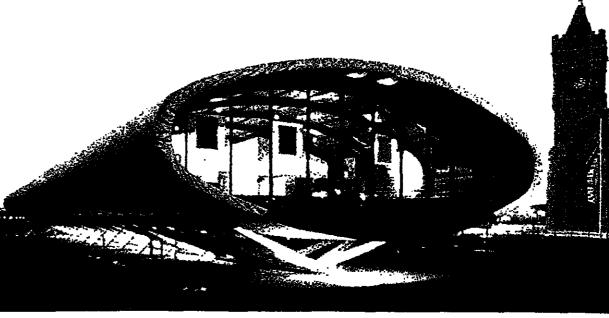
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WALES 4

"The garden festival factor" helps to attract visitors

A significant boost for tourism

ings in Wales were 2 per cent up in July, compared with last year, as against a decline of 6 per cent in England and a 2 per cent fail in Scotland, according to the most recently published

Paul Loveluck, chief executive of the WTB, is in no doubt that the government-backed annual Garden Festival, located this year at Ebbw Vale in the south Wales valleys, has given a significant boost to Welsh tourism activity and helped shield sections of the industry from the worst of the

HE WALES Tourist Board is calling it "the garden festival factor."

Hotel and guest houses book-

The festival has been huge success. Despite the weather rainfall in August was 81 per cent above average - it is well on its way towards meeting its target of 2m visitors. Hotels and guest houses in south and mid Wales were reporting a 6

Tourism has long been a key component of the Welsh economy: it now generates £1.3bn a year

per cent increase in occupancy in July, whereas in north Wales the figures were indicating a 6 per cent drop in book-

ings, Mr Loveluck explains. Tourism has long been a key component of the Welsh economy. During the 1980s it assumed even greater importance, as employment in Wales' traditional industries contracted. These days the industry generates a total revenue of about £1.3bn annually, and supports about 95,000 jobs, or 9 per cent of all employment in Wales. Between 1982 and

Tourist attractions in Wales The number of visitors attracted to museums, country parks and wildlife parks in Wales last year was as follows:

1	■ MUSEUMS
ļ	☐ James Pringle Weavers, Llanfair PG 385,854
Į	Portmeirion, Penrhyndeudraeth285,461
	Liechwedd Slate Caverns, Blaenau Ffestiniog 248,416
1	□ National Museum of Wales, Cardiff221,737
i	C Sevel Molek Evellers Musculff
1	☐ Royal Welch Fusiliers Museum, Caernarfon Castle
ı	Swansea Maritime and Industrial Museum 190,247
Ì	☐ Daniel Owen Centre Art Gallery, Mold
1	☐ Daviel Ower Cettle Nt Gallery' Word

COUNTRY PARKS □ Padarn. L'anberis ☐ Pembrey 386,000 Swallow Falls, Betws-y-coed
Margam 211,064 ☐ Dan-yr-Ogof, Abercraf ☐ Loggerheads, Mold 200,000 200,000

1987, tourism created an average of about 1,500 jobs per

☐ Anglesev Sea Zoo

☐ Penscynor Wildlife Park, Neath

□ Weish Mountain Zoo, Colwyn Bay

*Estimates. Source: Wales Tourist Board

In 1990, the number of visits to Wales by domestic tourists fell back sharply to 8.3m from 9.4m the previous year. However, last year there was a recovery to 8.7m visits, on too of which there were some 640,000 overseas visitors who spent an estimated £130m, and an estimated 32m leisure trips by day visitors whose expenditure is calculated at around

As these figures indicate, the

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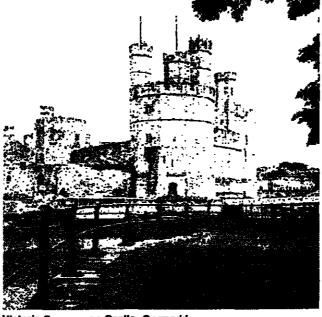
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sophisticated control and communications for

Whether large or small schemes, the emphasis is

on qualified consultancy, practical support and

industry and the public sector.



fistoric Caernarvon Castle, Gwynedd

Wales tourist industry has clearly not escaped the effects of the recession. In particular, outside the hotels and guestattractions is due in part to the house sector, the signs are that fact that many end-of-term things are getting worse. During June, holiday caraschool trips which normally

289.000

190,000

van park bookings fell sharply by a worrying 14 per cent. The number of visitors to tourist attractions was also 10 per cent down during the same month from 1.26m to 1.16m. In terms of volume, the recession is catching up with us, Mr Lovel-However, he stresses that at these visitors is being incorpo-

rated into the WTB's data- hase this stage the industry is neifor use in future marketing ther alarmed nor downhearted. To start with, the drop in visicampaigns. Second, the industry has tors to traditional tourist been enjoying good levels of investment. Since June 1988,

boost visitor numbers in June. the WTB under section 4 of the were this year diverted to the 1969 Tourism Act have genergarden festival. ated a total of some £120m in But the garden festival prom capital investment projects ises also to have a beneficial designed to improve the qualeffect long-term. Some 70 per ity and range of Wales's tourist cent of visitors to Ebbw Vale said they intended coming back to Wales. Information on

Third, the Welsh Office has authorised the Board to step up investment incentives in

grants and loans awarded by

sector, with a view to maintaining capital investment improvements in the recession. Some £1.25m has been earmarked for enhanced capital grants over the next 18 months. The average rate of grant will be 30 per cent of project cost, but up to 50 per cent will be available towards the cost of electronic equipment necessary for today's successful tourist business, such as computers, faxes, and telephone answering machines. This scheme was announced in July and the number of enquiries is aiready been

the farmhouse and guesthouse

encouraging. A fourth ground for optimism is the success of Wales's Welcome Host scheme. Welcome Host is a network of 70 trainers who offer a one day training module to assist whole communities to make visitors to Wales feel more welcome.

The idea originated in British Colombia in 1986 as the Super Host scheme at the Vancouver Expo. It crossed the Pacific to become New Zealand's Kiwi Host scheme, but Wales is the first country in Europe to introduce this new idea in customer care.

Aimed at all who come into contact with visitors, the beneficiaries of the Welcome Host training programme include the staff at Garden Festival Wales, some 200 Cardiff taxi drivers and staff of the Midland Bank in Waies.

Marks and Spencer is among the companies which are about

brochure subsequently came to Wales for a holiday. In these circumstances, there will be no let up in the board's to sign up on behalf of their direct mail effort. The board staff. Such has been the interhas 1.5m names on its direct est in the scheme, the WTB is mail data-base and is continuplanning to hold a seminar ally adding to it by buying in later this year to explain its principles to organisations from other parts of the UK. In the meantime, the WTB has

of any financial assistance. Fifth, the Welsh Office has made an extra £2.5m a year available over the next three years to increase the WTB's marketing activities. Some £1.7m of the total is earmarked for image building in the north-west, Midlands, M4 corridor and the south-east.

fresh data, confident that it knows enough about the Wales tourist industry's customer profile to improve its response made attendance on a Welcome Host course a condition Last but not least, the decision of the government to grant the Wales Tourist Board the same overseas marketing powers as the Scottish Tourist Board is also a welcome boost

for the industry. The board intends to continue working in close co-operation with the British Tourist Board, How-Volume and value of tourism in Wales' Expenditure

been exceptionally good. The

board commissioned a tracking survey in 1990 and established

that 45 per cent of people who asked for a copy of its holiday

Type of tourists £130± £229± 0.7m 32m Figures for 1981: source. Wales Tourist Bog

Using both poster and TV advertising, the board's campaign will highlight Wales's striking scenery, peace and tranquility, and easy paced sophistication. It will be particularly aimed at those people who do not at present put Wales on their holiday shopping list.

One of the strengths of the Welsh tourist industry is that it has a very loyal customer base. Visitors come back time and again for their holidays. And response rates from recent marketing campaigns have

moved from Oakdale, in

Gwent, to a new home at the

Weish Folk Museum in St.

The help Cadw can provide,

however, is limited. Because

most of the buildings remain

in private hands, their only

safeguard is listed building sta-

enable the board, for example, to work in cooperation with the Welsh Development Agency on joint promotions.

A start is being made this autumn when the two organisations take advantage of a concert tour by the BBC Weish Symphony Orchestra to Paris, Amsterdam and Brussels, to promote the virtues of Wales for both business and pleasure in three key European mar-

Robin Reeves

tus, and where no viable future

use can be found this is very

often not enough to prevent

Growing public interest in historic sites, treasure trove and works of art

New approach to nation's heritage

UTSTANDING additions continue to be made to the national heritage of Wales, whether it be the 210m-year-old dinosaur footprints found two years ago near Barry, the three outstanding Bronze Age gold torcs recently uncovered near Milford Haven, or the ever-expanding remains of Roman and Romano-British life still being excavated at the legionary fort of Caerleon and the nearby Roman town of Caerwent.

Yet, although Wales has long been a treasure trove for those interested in learning about man and his accomplishments. the ways in which much of the information has been presented has - with some notable exceptions - often been as likely to discourage as to encourage the casual observer

from inquiring further. The revolution that has now taken place in the way Wales's past is being presented is the result of a number of factors

happily co-inciding. Interest in the past has grown, fostered by books. articles in the press and television programmes. At the same time, growth in visitors during the 1980s has brought with it a rising demand for access to historic monuments and other buildings, including relics of Britain's great industrial era. developments in which Wales

was at the forefront. The two main bodies in Wales charged with preserving and interpreting the nation's heritage, the National Museum, and Cadw, the equivalent of English Heritage, have responded to this challenge with a re-think both in attitudes and approach, as, too, have a number of private own-



been nursed back to financial health by its new director, Mr Alistair Wilson, who has overseen an investment programme designed to make the museum one of the finest in

Under this, the main building in Cardiff's Cathays Park. the foundation stone for which was laid by George V in 1926, will finally be completed next October, when the last stages of a £26m scheme, doubling its size, are finished.

This will add a further six centre block galleries, totaling 85,000 sq ft, to two new galleries recently completed in the east wing, giving the museum the space it has long needed to display its collections to the full and to the

highest standards. The museum will, as a result, be able to mount for the first time a comprehensive display of art, including its renowned Impressionist collection, (the bequest of two Welsh sisters Gwendoline and Margaret Davies), other older works and its paintings by Welsh artists such as Richard

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Popularity of National Museum sites The number of visitors to each site in a year was:
Cathays Park, Cardiff: Welsh Industrial and

Maritime Museum, Cardiff: 40,670 . Weish Folk Museum, St. Fagans: 269,260 Amgueddfa'r Gogledd, Llanberis: 54,530 Weish Woollen Industry

Museum, Felindre: 17,169

Museum, Caerleon: 32.291

□ Roman Legionary

☐ Turner House, Penarth: Gallery, Dyfed: 6,811 Figures for 1990-91; source. Nation Museum of Wates

tus and Gwen John, and Čeri

Richards Other developments made possible by the large increase space are a new Welsh ceramics gallery to house the museum's extensive collection of Nantgarw and Swansea por-

celain. A number of important additions have recently been made to this from the £1.1m auction

The growth in visitors has brought with it a rising demand for access to historic sites

of the collection of Sir Leslie Joseph. the Welsh former vicechairman of Trusthouse Forte. Though some critics have accused the museum of an excessively conservative approach, and of failing to pay enough attention to Wales's indigenous cultural heritage, the result is an impressive addition to the visual arts in

Ahead of these latest developments, the museum has been attracting greatly increased numbers of visitors through imaginative temporary exhibi-tions, sometimes shared with other museums elsewhere in Europe and often designed to appeal specifically to younger

A successful dinosaur exhibition has been followed by another on the Ice Age featuring woolly mammoths. The museum was also one of the venues for a touring exhibition of the Queen's Windsor Castle collection of paintings, and last year produced its biggest ever temporary exhibition, on the Celts in Wales, much of it using material usually stored.

This policy has helped to attract more than 200,000 people to the main museum annually, enabling it to recover from a sharp downturn after the introduction of charges in

Total visitors to all the museum's sites - which include a north Wales branch, Oriel Eryri, and specialist museums on Welsh folklife and on various aspects of Wales's industrial past at locations around Wales - are running at around 800,000 a year, with a target for this to grow to 1m. A new permanent exhibition on Man and the Environment

exemplifies the move away from the traditional glass-case

This brings together a number of the museum's exhibits, including the largest Leatherback Turtle ever found washed ashore on Harlech heach in north Wales - and uses the latest audio-visual techniques

Cadw (the Welsh word for save) was set up in 1984 to take over the management of 127 historic monuments and buildings (out of a total of 2.700 altogether in Wales) in the care of the secretary of state.

It also carries out a range of statutory responsibilities for preserving, conserving and promoting the Principality's huilt inheritance.

An executive agency of the Welsh Office since 1991, Cadw has, like the museum, sought to inject greater energy into the presentation and preserva-tion of Wales's past.

Visitor centres, which put developments their historical context, have been added at the main monuments and a survey is being undertaken at all the sites in Cadw's care to see how they should best be presented to the public.

At the bigger sites perma-nent exhibitions and seasonal events have been introduced, together with shops offering relevant, and where possible,

locally-made, products.

Acquisitions of important sites continue to be made. Cadw has recently acquired Plas Mawr in the heart of Conwy's walled town, the finest surviving example of a 16th century town house in Wales. Formerly owned by Lord Mostyn and leased to the Royal Cambrian Academy of Art, the building contains a fine Jacobean ceiling, and, when the first stage of restoration is completed in 1995, it will be presented as it appeared about

Cadw is also responsible for administering in Wales applications for grant assistance for historic buildings.

Among its biggest beneficia-ries is the National Trust, which received more than £1m. last year towards the cost of maintaining its properties.

Cadw's attention is also being focused on townscapes within urban conservation areas. Though lacking the mediaeval buildings which are feature of many historic English towns. Wales is full of interesting Victorian buildings and streets, the virtues of which are in many cases only belatedly being recognised. Last year grants worth some £646,000, funded jointly by Cadw and local authorities, were made in support of 28 town schemes

Working through four regional archaeological trusts, Cadw also provides finance for rescue digs at sites throughout Wales. The Second Severn crossing, east of Newport has already proved to be a rich source of discoveries from palaeolithic, bronze age and Roman times, including what could be bronze age fish traps.

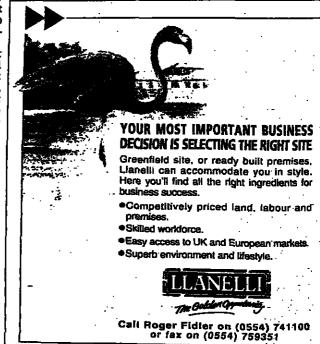
Sadly, in two important areas, Wales's more recent past continues to disappear or suffer grievous damage. The

Because of the nature of its attractions Cadw is probably more dependent on oversea visitors than the National Museum and the past financial and the movement of populayear has been disappointing, tion from older industrial areas

Cadw's chief executive, John has left many of Wales's fine Carr, admits. With fewer chapels high and dry, or con-American visitors last year because of the Gulf War, total verted to unswitable uses, such admissions to Cadw properties as tyre depots or carpet warefell by 11.7 per cent to just The vast miners'institutes, under 1.3m, with revenue also complete with libraries and a slightly down. range of social and other function rooms, which dominated former pit communities, are also now largely disused, though one at least is being

There are still hopes for a recovery in the present year, though the high sterling-dollar relationship and poor August weather may well prevent this. The improvement that has taken place in the facilities on offer seems likely to have laid much of the groundwork, however, for a strong recovery when the up again.

Rhys David





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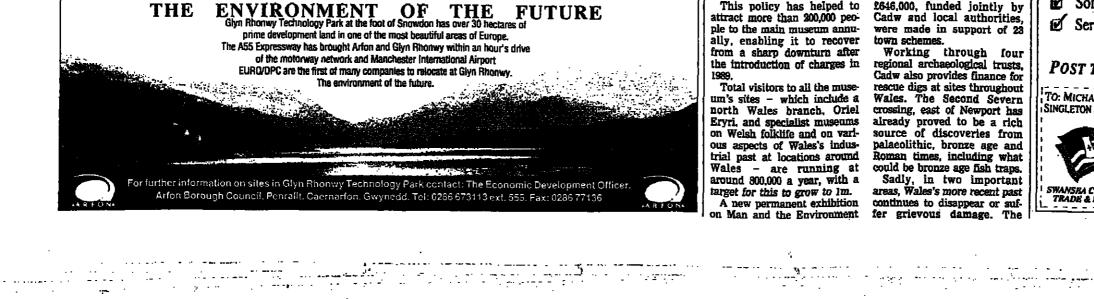
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Swansea's £16m barrage will lead to new riverbank projects

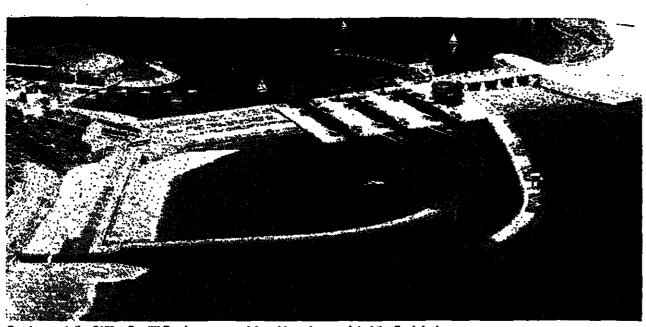
A dream comes true

IGHTEEN YEARS ago the city fathers and planners in Swansea had a dream. They envisaged a city in which the Tawe, the city's river, would be transformed by a barrage, offering the chance the develop the river banks for work and hous-

Eighteen years on that dream has come true. At the end of July, a £16m barrage completed, and the river now has reasonably constant level of water. Industry has been attracted, and there are plans to develop the run-down eastern bank in a setting suitable for the 21st century.

Swansea's dream is being entertained too elsewhere in south Wales. Both Cardiff and Newport want to put barrages at their entrances, in Cardiff across the bay and in Newport across the Usk. But both have run into opposition.

In Swansea, completion of the barrage has created the basis for a big expansion along the riverbank. The area is already unrecognisable from the run-down shabbinesss that characterised it for so long after the end of the second world war. According to Mr Ken Jones, assistant city engineer, it now has the potential to become one of the most



Coming next: the £150m Carditt Bay barrage - pictured here is a model of the final design.

Swansea suffered doubly

exciting cities in Britain. The magnitude of Swansea's problem was enormous, as it was in its two Welsh neighbours. Like Cardiff and Newport, it had seen its dock trade, largely based on coal and metals. all but disappear, with lit-

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Mid Glamorgan is the closest Government 'Development Area' to London and the South East on the M4, aftering some of the best practical and financial incomtines in the II & for new

and expanding businesses

from the nature of its industrial past. In the 18th century. it was the centre of the world's metal industry, housing hundreds of copper, lead, zinc and silver smelting operations. When these industries moved tle coming to replace it. nearer their sources of supply a hundred years ago, they were replaced by iron, steel, tinplate and chemicals.

> These, too, eventually moved on and in 1945 the lower Swansea valley had become Britain's largest single area of industrial dereliction.

Today, Swansea is a very different place. Its enterprise park has attracted more than 400 companies and almost 8,000 workers; its marina, on the west side of the barrage, is a thriving community, full of boats; the city centre is being developed attractively.

What the barrage, the first to be completed in Britain, will do is to unlock the development potential of the Tawe some two miles upstream as far as Morriston. It will act as a dam, creating a reliable level of water. The difference behind it between high and low water is now about 2ft: previously it was 30ft on a high tide. The barrage will also operate a water-driven turbine to generate electricity and allow pleasure craft to ply the river

through the lock system. With Swansea nominated as European City of Literature for 1995 there are plans, in conjunction with the Welsh Development Agency, which has backed the barrage project in , to create a publishing park. Other investment has already been stimulated: a 40,000 sq ft office block for instance, by Andrew Scott, of Port Talbot, the first in the city for years. There are also plans for an archeological park to emorate the city's industrial past, a hotel and a tourist

The most important thing, though," says Mr John Churchill, the city's director of trade and industry, "Is to make sure that the river ends the divide between the prosperous

western side of the city and the run-down eastern bank." Ambitious plans to develop the eastern side have been put forward by Grosvenor Waterside, the property-development arm of Associated British Ports, in conjunction with the city itself and British Rail.

Housing is to be linked to the existing marina across the river and there will be the usual mix of leisure activities, commercial developments. open spaces and offices designed to attract major national companies to the city. Port Tawe, the name given to this development, "will

reflect the maritime theme of Swansea," says Grosvenor Although he does not admit it, Mr Geoffrey Inkin, chairman of Cardiff Bay Development

the National Rivers Authority. there first. Despite massive both of which fear a barrage support from the government, across the Ilsk would affect the passage of the private Rill fishing in one of Britain's preto allow the £150m Cardiff barrage to go ahead has been bedevilled by a long-drawn-out mier salmon rivers. Mr Roger Davies, head of

parliamentary procedure.

preparatory work has gone

ahead," he says, "and when the

Bill is passed we shall be ready

to push the button from day

receive roval assent some time

early in the new year - "then

you'll see us move," Mr Inkin

says. "The interesting thing is

that investor-interest in Cardiff

has remained very high despite

That view is supported by Mr

Freddie Watson, executive

director of Grosvenor Water-

side in Cardiff - "the property

market may be flat elsewhere

in Britain but down here we

so ft of office space on its

development within Cardiff

Bay even without the assur-

ance of the barrage. Half of

that has gone to the Welsh

Health Common Services

Authority and the remainde

to NCM Credit Insurance, the

Dutch company which late last

year bought Export Credits

Guarantee Department's

Newport is also facing a

struggle to get its private Bill

through parliament. Its opposi-

tion is not so much from MPs

but from outside interests

especially fishing interests and

short-term insurance arm

Grosvenor has pre-let 250,000

our problems.

are doing 100mph."

port, it is thought likely the Bill will

urban development at Newport, believes "we have The result has been to delay designed the barrage in such a the start of work for at least two years, though Mr inkin, way that fish will continue to run the river. There will be whose enthusiasm for the scheme remains undiminished tidal intrusions on 60 per cent of tides for two to two and a despite the problems, not just parliamentary opposition half hours a day. Like Swanbut also of the collapse of the sea, we shall also have fish British property market, says locks to allow access into and out of the river. the period has not been wasted "an enormous amount of

The proposed £72m barrage is part of a scheme not just to enhance the development potential of a run-down part of the town but also of a southern road link which will take pressure off the M4 motorway which runs across the north of the town - "although the scheme is publicly funded at the moment," says Mr Davies. "several companies have expressed interest in jointly funding it."

The barrage could eventually create 5,000 jobs and 2,000 houses in a neglected part of the town. Lovell, Wimpey, Tarmac, Regalian and Blue Circle are among the companies that have all expressed interest in the area - "we need the barrage to regenerate the water side," says Mr Davies. It is a view held equally forcefully by Swansea's Ken Jones and Cardiff's Geoffrey Inkin.

Anthony Moreton

The changing shape of local government

Reform plans are well-advanced

OMORROW MORNING, councillors and officials representing the district and country councils in Wales sit down in London with Mr David Hunt, the Welsh secre-tary, to discuss the future shape of local government in the country for the last time before Mr Hunt produces his white paper on the subject

it will be the councillors' final chance to influence the shape of local government in the next century. Wales is well ahead of England in this process and if the government's timetable is met the new shadow councils should be in place by May 1994, and operating from the spring of the following year.

Some decisions are already known. Wales will be governed by unitary authorities. The

'The key to the whole reform must be to relate local activities to the people of Wales'

present two-tier system of county and district councils will be replaced by single-purpose, unitary authoritie It is also clear that Mr Hunt does not intend to accede to any of the calls for an elected sembly for Wales. Other matters are, however, still to be resolved, including the number of councils.

Two recent consultation papers, on education and community councils, suggest Mr Hunt has settled on 23. When he produced his first proposals for a review of local government in June 1991 he offered three options - 13, 20 or 24 unitary authorities to replace the eight existing counties and 37 districts. His preferred option was 20.

By now opting for the higher end, Mr Hunt has gone a long way towards meeting the demands of the districts, who once they had seen that reform was going to be introduced. with or without their acquiescence, agreed that to argue for the protection of the present 37 councils was not a viable

This decision, reached just over a year ago, was crucial, since it allowed the districts to outflank the eight counties which, until a late stage, continued to press for their exist-

to be the basis of reform. Not that the districts willingly, at first, agreed to ditching any of their members. It was only after a lot of banging of heads, and then reluctantly, that the districts agreed some should go to the wall. Eventually, the Council of Welsh Dis-

tricts suggested between 25

and 30 with a preferred option

"The key to the whole reform must be to relate local activities to the people," say Mr Geraint Price-Thomas, under secretary (Wales) of the Association of District Councils. "This means making them

acceptable to the people."

The counties do not disagree Mr Hugh Thomas, secretary of the Assembly of Welsh Counties and chief executive of Mid Glamorgan County Council, says: "We are concerned at delivering a service to the community that should be efficient and cost effective,"

After their initial exercise in digging in heels by advocating their number should be retained the counties have shifted, rather late in the day, to suggesting there should

The eight chief executives have, however, been sufficiently concerned at the way the whole issue of reform has been going to publish a paper expressing, independently of the elected members, their own ep concern

The case for change must rest on whether any proposed change will secure sufficiently worthwhile improvements, they say.

In a strongly worded attack, they complain that "the proposals emerging indicate a lack of integrated consideration of local government's purpose, functions, financing, internal management and structure, Democratic accountability will be undermined, be administratively unwieldy and be less understood by local people than at present

They conclude that if the concept of unitary authority is to be implemented in accordance with the government's principles - democratic accountability; responsive to local needs; clearly understood; strengthened community lovalties; efficient services - the solution lies with larger unitary authorities than Mr Hunt

pleading from a body of men most by the proposed reforms - except that it has been backed by the business com-munity. The Confederation of British Industry has expressed "serious misgivings" about the proposal to have over 20 coun-

Accepting the government's position that reform should be cost-neutral the CBI claims the handling of strategic issues could be fragmented if the number of authorities were to be too large and that the small Welsh authorities "may also be at a disadvantage compared to the English counties."

The calls for an elected assembly come mainly from Labour, the dominant political force in Wales. It controls 27 of the country's 38 parliamentary

Wales is well ahead of England in the reform process which could be operating by early 1995

seats. It also controls five of the eight counties and 18 of the

Not that a unified approach would be easy, anyway, since it is the policy of Plaid Cymru. the Welsh nationalists, to bypass an assembly and go directly for an independent

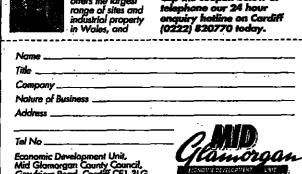
Wales within the European

community. Since the nationalists are a minority force in their own country, despite winning a fourth seat at last April's general election, polling slightly under 10 per cent of the popular vote and tralling not just Labour and the Conservatives but also the Liberal Democrats. this policy is as much dead in the water at the moment as an

elected assembly. That leaves Mr Hunt, born in Wales but brought up in Liverpool and representing an English constituency, calling all the shots despite having just six Conservative seats in the principality.

Mr Hunt smiles a lot and gets on well with his political opponents. But behind the bonhomie is a steely resolve. He will get what he wants for Wales, which is why this autumn's white paper is awaited so keenly.

Anthony Moreton







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FIRST COUNTY IN SOUTH WALES.

R JOHN MAJOR, the prime minister, visited Wales earlier this month and spent some time on a hill farm discussing the state of the agricultural industry.

Far from winning praise for his initiative, however, Mr Major was accused by some Welsh farmers of avoiding hearing about the near-bankrupt state of the industry by visiting an unrepresentative model farm of more than 600 acres, and not a more typical Welsh hill farm of 40 to 150

This sour reaction is a measure of the extent to which Welsh farmers these days feel under siege. It is not only because of the recession, though that is bad enough. Farm incomes last year, while marginally higher than 1990 were still 25 per cent down on 1989 levcIs.

In some sectors, most notably hill farming, which accounts for some 80 per cent of Wales's land area, average incomes fell by 60 per cent to £144 a week, 56 per cent of the average industrial wage.

But Welsh farmers are also

becoming deeply concerned about their longer-term future. Put crudely, do they have one in a Europe now more than self-sufficient in food and determined to dismantle the marketing structures which have supported agriculture for half-a century and more?

The consequences of the Common Agricultural Policy reform package, agreed by EC Farm Ministers earlier this vear, are still not clear, but from Welsh agriculture's point of view, the signs are not encouraging. The long-stand-ing threat of a Uruguay Round GATT agreement being concluded at the expense of agricultural areas, such as Wales, remains, as does the planned winding up of the statutory Milk Marketing Board (MMB). and its replacement by a voluntary co-operative.

It will bring to an end a statutory marketing scheme which has been the financial backbone of many Welsh farms for Fierce debate within agricultural community

Farmers are worried

over half a century. If this were not enough, many west Wales farmers are suddenly faced with losses from a totally unexpected direction - the collapse into bankruptcy of King Thomas, Lloyd Jones, a leading firm of livestock auctioneers in south

The potential impact of CAP reform has been the subject of fierce debate within Wales's agricultural community. This is because the Farmers' Union of Wales supported the principles for reform originally adopted by Mr Raymond Mac-Sharry, the EC Commissioner for Agriculture, whereas the National Farmers' Union supported the Government's cam-

west Wales.

paign of opposition. The FUW argued that Mac-Sharry's fundamental aim of targeting EC support to those who need it most, allied with a more effective environmental support programme and more

liberal social support measures, was the right approach. It could give the majority of farmers in Wales stability and a new sense of direction," said Mr Bob Parry, the FUW Presi-The National Farmers'

along with Mr John Selwyn Gummer, the Minister of Agriculture's argument that the EC Commissioner's proposals would simply subsidise inefficient small producers, many of them in southern Europe, at the expense of the more productive and efficient farming enterprises in Britain. In the event, the re-election

of a Conservative Government to Westminster, and the return of Mr Gummer to Brussels, meant the shape of the reform package finally agreed was more to Mr Gummer's liking than Mr MacSharry's. Even so, the dilution of the MacSharry proposals at Britain's behest is

to eliminate the fragmenta-

tion in the marketing of a

from cheeses and meat

Welsh Food Promotions

has participated this year at

events in Barcelona and

Stuttgart and at the Royal

Welsh Show in Builth Wells,

where a £500,000 permanent

Food Hall was opened. The

company has also been run-

ning a specialist food shop

at the Ebbw Vale Garden

Festival and a Welsh farm-

house restaurant.

range of Welsh products

through to bottled water.



AND NOW: THE TWO-TONGUED DRAGON

A NEW branding identity for food produced in Wales has been launched by govern-

ment-backed Welsh Food Promotions, chaired by Mr Alun Evans, pictured above with Mr David Hunt, the Welsh Secretary, The new brand image featuring a bilingual dragon logo alms LAND AUTHORITY

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OPENING THE DOORS TO DEVELOPMENT IN WALES

already giving rise to sugges tions the reform package will neither curb surpluses, nor the cost of the CAP, and that it could soon be back to square one. East Anglia's cereal growers, for example, are due to suffer a 30 per cent cut in their Union, on the other hand went guaranteed prices over the next three years, but they will be shielded from its full impact

> by generous compensation. ELSH farming is primarily dependent upon livestock products - sheepmeat beef and milk - and the MacSharry proposals for discouraging output of these were also diluted during the course of the negoti-

Combine this with cheaper feeding-stuff costs - resulting from the substantial cut in cereals prices - and it is easy to foresee a return to bigger food mountains and a fresh EC crisis over the cost of agricultural support which could be potentially even more damaging to Welsh farming pros-

On the other hand, next time round, Welsh farmers battling to make a living on marginal land in what the EC euphemistically calls less-favoured areas, may have more friends and allies within the EC.

The government is keen to press ahead with enlargement of the Community. This would bring within the CAP's ambit the farmers of Norway and Finland, who have a strategic and social as well as food producing role in Europe's northern extremities.

The proposed winding up of the MMB is less a cause for concern than might have been the case a few years ago. Having suffered creamery closures and a number of other economic blows in recent years. Welsh dairy producers have already learned the traditional paternalism of the MMB can longer be taken for granted.

Indeed, there is widespread recognition within the farming industry in Wales that it must take more responsibility for its

own marketing. With active support from organisations like the Weish Development Agency and the Development Board for Rural Wales, hardly a month seems to pass without some new Welsh food initiative, be it the development of a new cheese, a lamb product or organic foods.

Another positive development is that Welsh farmers are becoming increasingly willing to accept the role of custodian of the countryside, as well as that of food producer. This has not always been the case - not many years ago, plans for creating a Cambrian Mountains National Park were dropped after they ran into strong opposition from local

The Government went back to the drawing board and decided instead on a different approach, creating what were designated Environmentally Sensitive Areas in which farmers would be encouraged and assisted financially - to maintain traditional land-

A few weeks ago, Mr David Hunt, the Welsh secretary of state announced that another four areas of Wales are to be designated as ESAs within the next 12 months - the island of Anglesey, the district of Radnor in Powys, Preseli which covers a large part of Pembro-keshire, and the Clwydian hills in north Wales.

With a section of Cambrian mountains and the Lleyn peninsula already designated, it means that some 24 per cent the land area of Wales is now being given ESA designation. More than 800 conservation

management agreements cov-ering a total of some 64,000 hectares have already been signed by farmers in the existing two Welsh ESAs, and the Welsh Office plans to spend £6.1m on ESA conservation agreements in 1993-94 rising to £7.8m in 1995-96. In addition, the new Coun-

tryside Council for Wales (an amalgamation of the Countryside Commission and the Nature Conservancy Council is proposing to give the dis tricts of Merionnydd and Dinefwr, and a large part of West Glamorgan Tir Cymen

Robin Reeves

Food manufacturing: an entrepreneurial case study

Eye on niche markets

OOD manufacturing is one of the sectors in which Wales would like to expand, so, when one of the European industry giants, Nestle, decided to dispose of its Holgates subsidiary on the mid-Wales coast, the disappointment was palpable.

At stake was a small but important stake in the manufacture of health food bars for own-label clients in the UK, Germany and elsewhere, and a total of 75 jobs - small by industry standards but crucial to tiny Tywyn.

What was proving to be little more than a distraction for the Swiss group, however, was an opportunity for a management buy-out (or more accurately a 'previous owner buy-back') for managing director, Peter Saunders. Now aged 41, and a chemical engineer by training, Saunders had started his career at BP Llandarcy, after graduating from the University of Wales, moving to Holgates (then a honey farm) as production manager in 1975 before acquir-

ing it from the owner in 1976. Nestle's involvement came about more by chance than strategic planning. Rowntree Mackintosh had come across the company in the early 1980s, by which time it had branched out into honey-based confectionery items, and was impressed with the speed with which such a tiny operation could get interesting new products to market - "as a large business they were interested in the way a small concern operated. They realised it was all too easy for big companies to stifle initiative. While we

afford to get things wrong, says Peter Saunders. The fit with Nestle after its acquisition of Rowntree in 1988 at first seemed just as good. Holgates' principal products had now developed into a range of cereal and nut-based

nutritional bars sold by major

could get a product on the

shelves in six months it could

take them years because it was

too expensive for them to make

a mistake. Our operation is

much lower cost so we can



. Peter Saunders: confident

groups, such as Boots the Chemist, to slimmers as meal replacements, and to sportsmen seeking high carbohydrate or protein intake.

Following the take-over, Nestle continued to invest heavily in the company, which currently has a capacity to produce 75m bars of "nutritional", "virtuous", and "indulgent" confectionery annually at its modern plant. Eventually, it became clear, however, that a company the size of Holgates did not have a future as part of a group focusing increasingly on the development of big international food brands, and in any case was not well-suited to Nestle's corporate style.

ITHIN Nestlé. research tended to be concentrated in centres of excellence - and product development at the Tywyn site was run down. Sales and marketing, too, were seen as group activities. Yet, for a small company serving niche markets, the ability to carry on an active product development policy and to search vigorously for its own customers was essential.

Last September, as part of the post-takeover integration of its UK operations, Nestle announced that it wished to sell Holgates, which by that time had slipped into losses. but that if a buyer did not emerge in nine months it would be closed. In the event, the food group, which had

already sold Holgates' cakes to preserves tourist products subsidiary, the Welsh Pantry, to Peter Saunders, quickly agreed to sell the main business as well. The terms have been kent confidential but are known to be less than Ilm, reflecting the losses of £0.3m made on a turn. over of £2.5m in the last full financial year under Nestle ownership.

The deal was put together with grant aid from Mid Wales Development, following a feasibility study by accountants Touche Ross. Loan finance was made available by the Midland Bank in Newtown, Further losses are expected this year, but profits are forecast for next, even on a pessimistic

reading of the recession.

With the business fully back under his control as sole shareholder, Peter Saunders intends to run it again in the way he believes right for a small entrepreneurial company serving niche markets - "I was sure the business could work, because I could see market opportunities we were not able to tackle when we were in big company ownership," he says. There has been some staff reductions, but an increase in the product development team. A senior sales appointment is

also to be made. The main focus will continue to be own-label confectionery, and attempts are being made to win other major retailers as customers. A recent new client is Eurodisney. The company is also a big supplier of ingredients to other food companies. in particular the flavoured ingredients used in the everwidening range of ice creams.

According to Peter Saunders, however, the company's strength is that it has established itself in niches where the market is small and the competition is limited. Fortunately, too, there does not seem any very strong likelihood that interest in healthy eating - the basis on which its bar business is built - will diminish over the years ahead.

Rhys David

New commercial property developments

Weathering the storm

notorway at the western edg of Newport. It is empty at the moment but has been put up speculatively as a joint venture between the Welsh Development Agency, Newport bor-ough council and London University's Imperial College of Science and Technology as the cornerstone of Imperial Park, a science park that is intended to attract the best in the world to this corner of Wales.

Imperial House may be empty now but it is on the verge of attracting its first ten-ant less than three months after being opened at the end

HII06

IMPERIAL HOUSE sits within of June. A leading European point to tangible evidence to a few hundred yards of the M4 concern, a world leader in its support his claim. field, has talked about taking two suites for a research cen-

> Imperial Park, a 50-acre site within the much larger Celtic Lakes development being undertaken by Trencherwood and the local Bassaleg Group, is intended to be the flagship property development in Wales. Celtic Lakes, a £250m business park is intended to compete with the best in Britain, according to its developers, able to stand comparison with Aztec West in Bristol, the Birmingham business park, the Solent business park at

near London's Heathrow air-The WDA's chairman, Dr Gwyn Jones, who has already been to Japan and the Far East once to extol the virtues of Imperial Park, says: "Imperial will be a formidable force in attracting even more Japanese companies to Wales. It also enhances the prospects for indigenous business growth."

Southampton, or Stockley Park

To launch a science park in the middle of the deepest property recession since the war might seem foolhardy.

But south Wales at least has managed to weather the downturn in the economy remark-ably well. Mr Freddie Watson, director of Grosvenor Waterside, the property arm of Asso-ciated British Ports, in Cardiff may be excused excessive siasm when he says that "although the property market in Britain is stagnant we are going at 100 miles an hour down here," but he can at least

Grosvenor has two pre-let projects, one from the public sector, the other from the private, amounting to 250,000sq ft. "Where can you find 250,000sq ft of pre-let property anywhere else," he beams.

Nor is it just a matter of Cardiff. Grosvenor has ambitious plans for Swansea, where the first major office building in 40 years has just been completed.

The WDA's Dr Jones says south Wales has bucked the trend in the property market, and forecasts that over £12m will have been invested in Welsh property as a result of private-sector partnerships agreed with the agency in the second quarter alone of this year. Last year the agency's joint schemes led to 800,000 sq ft of new working space being planned, a figure Dr Jones

expects to see topped by at least 100,000 sq ft this year. "There is now a more effective and efficient property mar-ket in Wales," Dr Jones says. Despite the difficulties in the property market. Wales is still attracting increasing private-

sector investment." That optimism is borne out by some figures. The WDA has reported a 45 per cent increase in lettings for the first half of the year, compared with the same period in 1991. Between January and June it let more than 1.1m sq ft of industrial and commercial space, a rise of 347,000 sq ft.

A more cautious view is taken by Mr Peter Kelly, director of Debenhams in Cardiff. "There is a gratifying amount

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of activity about," he says, "especially in the retail sector and among some of the locally-based developers. The two prelets in Cardiff Bay are very significant, and with infrastructure work on the second Severn bridge having started, the potential exists for expansion.

"But it is potential and we are not expecting any great material change in the market. The point about south Wales is that the market has stabilised and we don't expect it to decline because there is no sig-nificant area of oversupply."

Mr Bernard Ryan, chief executive of the Land Authority for Wales, sees south-east and north-east Wales as being the two areas where interest is greatest - "the North Pen-twyn site in Cardiff offers great opportunities," he says. "Apart from housing and leisure interest there are 90 acres of employment land which will produce between 1m and 1.5m sq ft of space. This is being undertaken as a joint venture between the WDA, DMD, a local company, and the Italian concern, Cogefar-Impresit, a subsidiary of Fiat which built

the Kariba dam in Africa. "Other developments are

taking place in Caerphilly, led by Boots the Chemist, as well as at Merthyr Tydlil and Bridgend. Generally, I am fairly optimistic about the situation."

The one area where movement is difficult is in north Wales. With the exception of the Redrow group, which is locally-based, though it operto the smaller and medium-

even in these difficult times. though, a steady flow of land is released to developers in north Wales, "which may not be headline news but it does keep the market moving. The mar ket never drops here as it has done in England."

sized developers to sustain the

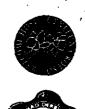
market. Mr Ryan savs that

Anthony Moreton



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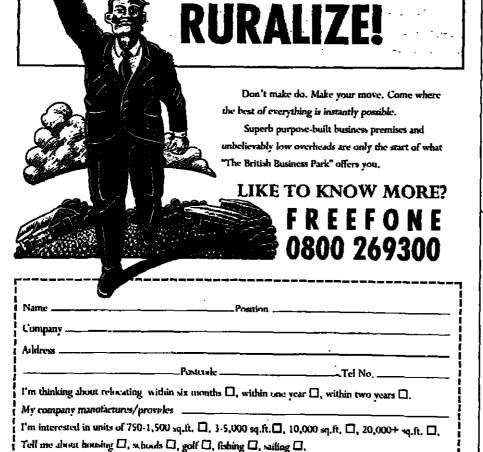
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